

REPORT

(INTERIM)

OF THE

GENERAL PURPOSES SUB-COMMITTEE

OF THE

RETRENCHMENT ADVISORY COMMITTEE

DECEMBER 1931

PART II.



CALCUTTA : GOVERNMENT OF INDIA
CENTRAL PUBLICATION BRANCH : 1932

CONSTITUTION AND TERMS OF REFERENCE OF THE SUB-COMMITTEE.

The General Purposes Sub-Committee was charged with—

- (i) the review of all central expenditure except that on the Army, the Posts and Telegraphs Department, the Railways, Civil Works, Audit and Accounts, Stationery and Printing and the Indian Stores Department. (Other Sub-Committees were set up for the purpose of reviewing the public expenditure on these excepted items.)
- (ii) consideration of, and co-ordination of, the proposals made by the other Sub-Committees relating to the pay and allowances of Government servants.

Constitution.—The Sub-Committee was constituted as below :—

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| (1) Sir ABDUR RAHIM, K.C.S.I., Kt., M.L.A., | (<i>Chairman</i>). |
| (2) The Hon'ble Rai Bahadur Lala RAM SARAN DAS, C.I.E., | <i>Member</i> . |
| (3) Mr. RANGASWAMY AYANGAR, | " |
| (4) Mr. S. C. MITRA, M.L.A., | " |
| (5) Mian Muhammad SHAH NAWAZ, C.I.E., M.L.A., | " |
| (6) Mr. K. C. ROY, C.I.E., M.L.A., | " |
| 7) Rai Sahib HAB BILAS SARDA, M.L.A., | " |
| (8) Mr. RAMSAY SCOTT, M.L.A., | " |
| (9) Khan Bahadur Hafiz WILAYAT ULLAH, I.S.O., M.L.A., | " |
| (10) Mr. J. C. NIXON, I.C.S. (representing the Finance Department), | <i>Member</i> . |
| Mr. S. P. SHAH, I.C.S. (up to 7th June 1931 Mr. W. R. TENNANT, I.C.S.), | <i>Secretary</i> . |

Reference—

"To make recommendations to the Committee* for effecting forthwith or by stages all possible reductions in the public expenditure of the Government of India under review of the Sub-Committee, having regard especially to the present and prospective position of the revenue. In so far as questions of policy are concerned, these will be left for the exclusive consideration of the Government, but it will be open to the Sub-Committee to review the expenditure and to indicate the economies which can be effected if particular policies are either adopted, abandoned or modified."

* *i.e.*, to the Retrenchment Advisory Committee.

CHAPTER I.

GENERAL OBSERVATIONS.

(1) *Expenditure Surveyed.*—The General Purposes Sub-Committee has the honour to present its second interim report in which the following grants showing a total expenditure of Rs. 32,43,54,000, of which Rs. 13,70,26,000 is voted and Rs. 18,73,28,000 non-voted, have been dealt with. Of these, Rs. 24,12,39,000 represent grants under Interest heads, Pensions and Refunds, leaving a total of Rs. 8,31,16,000 with respect to which possibilities of economy have been considered. (These figures include 39.43 lakhs for the Nasik Presses.)

16—Customs ; 18—Salt ; 19—Opium ; 25 and 26—Debt Services ; 27—Staff, etc. of the Governor-General ; 29—Council of State ; 30—Legislative Assembly and Legislative Assembly Department ; 32-A—Home Department ; 32-D.—Reforms Office ; 33—Public Service Commission ; 34—Legislative Department ; 35—Department of Education, Health and Lands including the Office of the Keeper of Records ; 36—Finance Department (Ordinary Branch) ; 38—Commerce Department ; 40—Department of Industries and Labour ; 42—Payments to Provincial Governments for the administration of Agency Subjects ; 44—Administration of Justice ; 46—Ports and Pilotage ; 47—Lighthouses and Lightships ; 64—Commercial Intelligence and Statistics ; 65—Census ; 66—Emigration—Internal ; 68—Joint Stock Companies ; 69—Miscellaneous Departments—Examinations, Office of the Controller of Patents and Designs, Actuary, Bushire Coal Depot, Courts of Enquiry and Boards of Conciliation ; 71—Currency ; 72—Mint ; 74—Superannuation Allowances and Pensions ; 76—Miscellaneous—Allowances and Rewards, Books and Periodicals, Charitable Donations and European Vagrancy, Tariff Board and other special commissions and committees of enquiry, Compensations, Rents, Rates and Taxes on central buildings, Grants-in-aid, Local Clearing Office, Indian Soldiers' Board, Indian Delegation to the League of Nations, International Labour Conference, Other miscellaneous and unforeseen charges, Institute for Disabled Soldiers, Other miscellaneous charges ; 77—Refunds ; 80—Delhi ; 82—Andamans ; 86—Expenditure under the control of the Secretary of State ; 87—Expenditure under the control of the High Commissioner ; Ecclesiastical (non-voted).

We sat from the 5th October 1931 to 29th October 1931 and examined 30 representatives of the Secretariat and heads of the Departments, also Sir Chunilal V. Mehta and Mr. B. Dass, Member of the Legislative Assembly. For the details of the sittings see Appendix I (page 15.)

In our first report our attention was mainly concentrated on a number of specific activities and projects of the Education, Health and Lands and the Industries and Labour departments. In this report, in addition to certain undertakings of the Government of India, we had to survey the general features of various administrative organs of Government, their constitution and interrelation and the channels and processes through which Government business is conducted. We have also considered the means that exist of controlling expenditure both in the Government and in the Legislative Assembly and have suggested certain improvements in this connection.

(2) *Statement of financial position by the Hon'ble Finance Member.*—Since the first report was issued, the Hon'ble the Finance Member has made an important statement on the financial position in introducing a bill in the Legislative Assembly to supplement the Indian Finance Act, 1931. In it he has given us a detailed and up-to-date picture of the gravity of the situation and the direction

in which it is drifting. He has told us that the deficit in 1931-32 and 1932-33 has been estimated to reach the appalling figure of 39 crores and 5 lakhs. There has been a serious fall under every head of customs revenue and in the income-tax revenue, in addition to heavy losses in commercial undertakings of Government, in extraordinary receipts and under financial headings. He further says that there is no justification for expecting any large improvement in the budgetary position next year and that in fact income-tax revenue may be considerably less than in the current year. He states "I feel that Hon'ble Members are entitled to ask for this (meaning a more definite and detailed reduction in expenditure) and that we have no justification in putting plans for taxation before them except under the most solemn pledge of effecting the maximum reduction of expenditure. I feel no hesitation in taking this line because it is the right line in the public interest. Any improvement that we can effect by way of reduction of expenditure is a certain improvement but any improvement that we seek to make by increasing taxation depends entirely on our estimate being realised and in the present conditions with reduced purchasing power and when the effects of the reduced gold value of the rupee on imports are still unknown, estimates, particularly of customs revenue, are to say the least highly uncertain". This is a frank and clear statement of the fundamental truth of public finance particularly applicable to the present conditions and correctly expresses the conviction which has underlain all our proposals. In dealing with the retrenchment proposals contained in our first report showing a saving of 1,21 lakhs out of a budget of 3,21 lakhs he accepted the figure (subject to further examination by Government), reduced by a margin of 20 lakhs, representing what he estimated as the charge for compensations and recurrent pensions payable in respect of officials whose posts are abolished, reckoning thus to get a net saving of about a crore on this part of the field. With respect to the remainder of the field now surveyed by us and presumably also the Foreign and Political Department and the "minor" administrations of North West Frontier Province, Baluchistan and Ajmer-Merwara which we have not yet dealt with, he gave a provisional estimate of a net saving of 90 lakhs. But he added, that if the General Purposes Sub-Committee find economies of greater extent than his own estimate so much the better. We do not know, for he has not told us, on what data this estimate of the Finance Department is based. But in this report which still excludes the expenditure under the control of the Foreign and Political Department we have found on a survey of the entire administrative arrangement of the Government and a close examination of its official establishments and procedure of business that economies of a much larger extent are possible in the demands which we have hitherto been able to explore.

(3) *Principles followed* :—We may here state that in making these proposals we have been guided by the same principles that we applied in dealing with other departments examined in our first report. We have proceeded strictly on the basis of the present constitution as indeed required by the implication of our terms of reference though not in so many words. At the same time we have not disregarded the warning of the Finance Member that there is a great deal of additional expenditure ahead of us in connection with the Round Table Conference and the subsidiary commissions and committees of enquiry and schemes like the proposed Reserve Bank.

(4) *Present constitution and administrative arrangements*.—In order that our proposals may be understood in their true significance, it is necessary that we should bear in mind the general features of the present constitution and the nature of the administrative machinery with its component parts. The Government of India is a subordinate government, the paramount control of its policy and of the entire Indian administration being vested in the British

Parliament and exercised by the Secretary of State for India at Whitehall. Some of the functions of the Secretary of State were delegated to a High Commissioner in London first appointed in 1920-21. The budget of the Secretary of State and his Council and office establishment under administrative heads was £295,168 immediately before the office of the High Commissioner was created, i.e., in the year 1919-20. His gross budget now (i.e., for 1931-32) is £220,125 not taking into account his salary which is borne by the British Budget and the High Commissioner's gross budget is £189,675.

This shows in the total an increase in expenditure in London of £114,632 within the last eleven years.

The chief features of the evolution of the government in India are well-known. In addition to the two older presidencies of Madras and Bombay, fully equipped and self-administering provincial governments have been established for the rest of India, excepting the frontier areas of the North West and Baluchistan and the smaller areas of Ajmer-Merwara and the Andamans. Provincial governments have come into being either by detachment of certain areas from the Central Government or by separation from the larger provinces and this process of decentralisation is still at work. The Central Government, however, retains powers of general control and supervision over the policy and administration of all local Governments with the exception of subjects popularly known as "transferred".

By the Reforms of 1921 which opened a new chapter in the constitutional development of India the important subjects of Education, Medical and Health, Agriculture, Local Self-Government, Public Works, Provincial Finance and provincial services, and in some provinces Forests and Irrigation were transferred to the charge of Ministers responsible to the respective Legislatures. *Prima facie* these transfers should imply a very considerable relief to the Central budget. But we have shown in the first interim report that contrary to the spirit of the Government of India Act expensive establishments are still maintained in connection with some of these transferred subjects necessarily swelling its expenditure.

The Local Governments themselves through Executive Councils presided over by the Governor with full secretarial and departmental staff at the headquarters and extensive administrative and executive establishment in the districts, sub-divisions and other units of district administration administer the "reserved" subjects. It is therefore the general situation in the country and important questions affecting the good government of India as a whole which lie within the province of Government of India in the exercise of its powers of control and supervision over the administration of the provinces.

The main subjects that are centrally administered are All-India Finance, the Central Revenues, Army, Foreign relations, Political agencies, legislation affecting the whole of India, "minor" administrations (*viz.*, the North West Frontier Province, Baluchistan, Delhi Province, Ajmer-Merwara and the Andamans), Commerce, Railways, Posts and Telegraphs and Labour. In the Central Government are also vested the residuary powers. The administrative arrangements within the Government of India itself have been developing along similar lines. The tendency throughout has been towards decentralisation of work through 'departments', 'attached offices', subordinate offices fully equipped with their staffs. They work under six different divisions of the secretariat each in the charge of a Member of the Viceroy's Council.

(5) *Growth of Expenditure.*—The following table will show the growth of expenditure in different divisions of the secretariat and in the departments and 'attached' and 'subordinate' offices as manifested in the respective budgets of 1913-14 (a pre-war and normal year), 1921-22 (shortly after the Reforms when

the Incheape Retrenchment Committee was appointed under financial stress somewhat similar to the present, though not so acute), 1924-25 (when the effects of the economy proposals of the Incheape Committee would be expected to appear in the budget) and 1931-32 (the present financial year). Details under each head with explanations are given in Appendix II (pages 16-21).

	1913-14.	1921-22.	1924-25.	1931-32.
Expenditure accounted for on behalf of the—				
Commerce Department . . .	40·84	61·42	63·63	83·64
Department of E., H. & L. . .	68·13	1,46·51	1,18·92	1,62·52
Finance Department. . . .	4,64·78	6,30·75	5,83·01	7,29·35
F. & P. Department	4,07·07	4,89·12	5,49·43	6,52·76
Army Department.	29,88·26	59,59·16	59,73·20	56,54·18
Legislative Department and Legislative Assembly Department.	3·98	14·85	13·67	15·35
Industries & Labour Department .	7,12·34	13,13·34	12,63·42	16,81·17
Home Department	56·69	1,08·59	1,05·93	1,67·23
	47,42·09	87,23·74	86,71·21	91,46·20

(6) *Commissions and Committees.*—In addition, however, to the Secretariat and the various permanent departments and offices a great deal of the business of the Government of India is transacted through Commissions and Committees of enquiry. We give in appendix III (pages 22-27) a list showing the various Commissions and Committees that were appointed since 1921. Their total cost amounts (in lakhs) to Rs. 1,43·07 as shown below :—

1921	10·59
1922	3·27
1923	23·77
1924	9·77
1925	9·15
1926	19·07
1927	20·08
1928	11·51
1929	29·48
1930	2·67
1931	3·71
	1,43·07

The above figures tell their own tale.

(7) *Government departments and non-official agencies.*—Now let us take a bird's eye-view of the various official and non-official agencies maintained at present in this country for the discharge of Government of India's responsibilities. For securing the support of the people in their financial and their legislative proposals and for ascertaining public opinion on the administration, the Government act mainly through the central legislature namely the Assembly and Council of State. The Legislative Department (a purely official body and distinct from the Assembly and the Assembly Department) with the Law Member in charge drafts bills for all departments of Government, interprets for them Statutes, Regulations and Rules, gives opinion on the legal questions that arise from day to day—having recourse for this purpose in specially

important or difficult matters to the Advocate General of Bengal and the Standing Counsel to the Government of India. The Department also administers the establishment of the Council of State. In all questions involving prolonged enquiries, Government, as already stated, avail themselves of commissions and committees of enquiry specially appointed for the purpose.

The official agencies of Government in addition to the Secretariat proper are, as mentioned above, allocated in different departments each in the charge of a Member of the Viceroy's Executive Council.

In the *Home Department* we have the following fully-equipped and self-contained offices :

The Public Service Commission (to help Government in the administration of all-India services in matters of recruitment, discipline, determination of domicile for the purposes of Lee concessions, questions relating to promotion and the like), the Bureau of Public Information (to collect and supply information to Government as to the trend of public opinion and to do publicity work on its behalf), the Intelligence Bureau otherwise popularly known as the Criminal Intelligence Department (which collects information for and advises Government in dealing with all-India problems relating to law and order and the effects thereon of political activities).

In the *Commerce Department* the Tariff Board makes enquiries and submits its recommendations in connection with fiscal proposals, the Commercial Intelligence and Statistics Department is entrusted with work of the nature indicated by its title and the Nautical Adviser and the Chief Surveyor along with the Chief Inspector of Lighthouses and Lightships advise Government with respect to shipping matters. The Actuary is in charge of Insurance and other actuarial work. The Railway Board with its own Financial Commissioner administers all State Railways, also under the Commerce Member.

The *Industries and Labour Department* has the Director General and his staff in charge of Posts and Telegraphs. A Chief Engineer and his staff administer the Public Works Department and similarly the Geological Survey, Mines, Dhanbad School of Mines, Meteorology, Civil Aviation and the Indian Stores Department are each administered by separate directorates and administrative officers.

In the *Education, Health and Lands Department* the main portion of the work relating to Medical, Health, Education and Agriculture has been transferred under the Government of India Act of 1919 to the charge of Ministers in the provinces. But for dealing with such aspects of the work for which the Central Government makes itself responsible, we have the Director General of Indian Medical Service, the Public Health Commissioner, the Educational Commissioner, the Imperial Council of Agricultural Research and the Agriculture and Veterinary Experts. The department has also charge of the Survey of India, Archaeology, Botanical Survey, Zoological Survey, Forests, Emigration, various Research Institutes and other Scientific Departments each with its own separate staff and a departmental head.

The *Finance Department's* ancilliary offices are: The Military Financial Adviser for Military Finance, the Financial Commissioner for Railways, and the Financial Adviser for Posts and Telegraphs, with their staffs, to advise the Honourable Finance Member with respect to their respective subjects. The Central Board of Revenue administers the revenue-collecting departments of Government (Customs, Taxes on Income, Salt, Opium and Stamps) and advises Government on revenue matters generally. The Accounts and Audit offices, the Controller of the Currency, the Masters of Mint, the Nasik Security Printing and Currency Note Presses have complete administrative staffs of their own.

In matters relating to Exchange, Currency, Mint, Public Debt, administration of Government securities and other kindred matters, the Finance Member receives information and advice among other sources from the Controller of Currency and the Imperial Bank of India. For preparing the Budget there is a responsible Budget Officer with the necessary establishment. The Finance Department proper, *viz.*, the Secretariat which is called the Ordinary Branch has in addition to the above departments and offices the following sections :— Finance and Accounts, Expenditure Branches I and II and the Schedule Branch for controlling expenditure, the Regulations Branches I and II for interpreting the C. S. R. and Fundamental Rules, the Cash Branch and the General Branch.

The problem with which we are specially concerned in the present enquiry relates principally to the growth of official staff with consequential increase in expenditure under the heads of pay, pensions, various forms of allowances, the cost of certain privileges and concessions, contingencies and supplies and services. Much of the increased expenditure is due either to the creation of ancillary departments and offices or to gradual expansion of those that already existed as will be seen from the history of the grants under their respective heads. One would have naturally expected that with extensive devolution of Government of India's responsibilities to local Governments on the one hand and the creation or expansion of subsidiary and subordinate offices under the Secretariat on the other, the work of the Central Government in the Secretariat proper would, in the first place, be considerably lightened. But it will appear from the budgets of the various sections of the Secretariat that their expenditure also has in most cases gone on increasing, in some more than in the others.

New Services.—The following are instances of new services which have been undertaken by the Central Government since 1921 for which large and expensive staffs and in many cases with highly paid directorates have been separately provided :—

Grant.	New service.	Budget provision, 1931-32. (In lakhs).	Remarks.*
17—Taxes on Income.	Centralisation of income-tax administration.	71.18 (approximate).	See Appendix II which shows that the cost of collection through provincial agency was 4.69.
21—Forest . . .	Training of probationers for the Indian Forest Service.	73 (approximate).	Part II, Chap. XXI, para. (III).
37—Separation of Accounts from Audit.	Institution of experimental offices in the United Provinces and N. W. F. P. and for certain central departments in connection with the scheme for the separation of accounts from audit.	Figures not separately available.	The total extra cost of the scheme is proposed to be saved under orders of the Finance Department.
2—Audit . . .	Establishment of a Commercial Audit Branch.	Figures not separately available.	This has been dealt with by the Public Works and Audit and Accounts Departments Retrenchment Sub-Committee.

* The numerals refer to the chapters and paragraphs of this report in which reductions have been proposed by this Sub-Committee.

Grant.	New service.	Budget provision, 1931-32. (In lakhs.)	Remarks.
46—Ports and Pilotage.	(i) Institution of the training ship 'Dufferin' for the training of Indians for the Indian Mercantile Marine.	2.38	Part II, Chap. VIII, para. 8 (c) (ii).
47—Lighthouses & Lightships.	(ii) Centralisation of the administration of shipping and navigation and of lighthouses and lightships.	Figures not separately available.	Part II, Chap. VIII, para. 8.
49—Meteorology	Provision of meteorological facilities in connection with civil aviation.	9.20 (estimated).	Part I, Chap. XI, para. 5.
60—Imperial Council of Agricultural Research.	Agricultural Research	8.00	Part I, Chap. XX, para. 17.
62—Industries	Indian School of Mines, Dhanbad.	1.97	Part I, Chap. XXI, para. 6.
63—Aviation	Development of civil aviation.	35.77	Part I, Chap. XXII, para. 5.
67—Emigration—External.	Appointment of Agent in South Africa.	1.10	Part I, Chap. XXIII, para. 3.
69—Miscellaneous Depts.	Broadcasting	2.96	Part I, Chap. XXIV, para. 3.
76—Miscellaneous	Tariff Board	2.32	Part II, Chap. XVI, para. 12.
80—Andamans	Reclamation of swamps	3.23.	Part II, Chap. XVIII, para. 7(x).
W. I. S. Agency (non-voted).	Assumption by the Government of India of direct relations with the States in Western India.	11.00 (approximate).	This shows the increased expenditure caused by the creation of this Agency.

(9) *New offices.*—In connection with the work formerly performed in the Secretariat itself, expensive new offices with highly paid officers in charge have also recently come into existence, some instances of which are given below :—

Grant.	New offices.	Budget provision, 1931-32. (In lakhs).	Remarks.*
30—Legislative Assembly & L. A. Department.	L. A. Department	4.17	Part II, Chap. VI, para. 5, page 60.
32—Home Department.	Reforms Office	2.34	Part II, Chap. VI, para. 5, page 64.
32—Home Department.	Bureau of Public Information.	1.39	Part I, Chap. VI, para. 4.
33—Public Service Commission.	Public Service Commission.	3.66	Part II, Chap. VI, para. 6, page 69.
41—Central Board of Revenue.	Central Board of Revenue.	3.07	Part I, Chap. VIII, paras. 5 and 6.
87—High Commissioner.	High Commissioner's Office.	75.11*	Part II, Chap. IX, paras. 9 and 10.
70—Indian Stores Department.	Indian Stores Department.	8.32 (net)	This is being dealt with by the Stores and Stationery and Printing Sub-Committee.

*Includes miscellaneous expenditure as well, viz., leave salaries and agency items amounting to Rs. 41.32 lakhs.

(10) *To what extent is increased expenditure due to the development of a democratic form of Government?*—It is said generally that a substantial portion increased expenditure is due to the development of a democratic form of Government taking the place of pure bureaucracy. Let us analyse the facts in this connection. The central Legislature and their departmental establishments with a total budget of Rs. 10·14 lakhs (the Legislative Assembly Department's budget is Rs. 4·17, the Legislative Assembly's budget is 4·12, and the Council of State's budget accounts for the growth of expenditure in the Legislative Department which administers it to the extent of about Rs. 1·85) must be entirely attributed to this source. We must also add under this head the increase in the number of commissions and committees of enquiry which within the last ten years cost the central revenues Rs. 1·43 lakhs. Further there can be no doubt that the activities of the Legislature have to some extent added to the work of most of the Government departments and the Secretariat in collecting information in order to enable Government to answer the interpellations of honourable members and to deal with resolutions and private bills.

But the real and effective cause of the growth of expenditure in so far as it is attributable to the introduction of popular voice in the administration is the dual character of the system leading to a conflict of outlook and interests. As a result of the Reforms there are two systems at work, each pulling its own way. It is perhaps the natural tendency of all centres of power to increase their own strength. We must not therefore wonder if the official Government tries more and more to fortify its position by as many lines of defence as possible. The popular voice on the other hand strives to assert its own authority on the administration. One signal outcome of the position is to be seen in successive concessions to the popular demand in the shape of commissions and committees of enquiry whose reports ultimately find their way into the official crucible. There has been yet another incentive to the growth of expenditure in the cry for Indianisation of the administration which in more than one instance has, we are persuaded, led to the creation of new posts. For instance the Railway Board consisted of four members in the year 1929 when an additional member—a statutory Indian—was appointed. It would be possible to add other instances.

(11) *New activities.*—A part of the increased expenditure is due to the Government of India having undertaken certain new activities. In our first report we recommended that new activities like the State Air Service and Broadcasting should be kept in abeyance until the financial situation improves and that the expenditure on certain other activities should be considerably curtailed either because in course of time their spheres of operation have become substantially narrowed or because of the development of certain institutions such as the Universities which can take up the work at less cost with perhaps better results, and in the cases of some departments on the general ground that they are over-staffed, for example, the Survey of India, the Geological Survey, Botanical Survey, the Forest Institute at Dehra Dun. The Tariff Board which has been dealt with in this report came into existence as a result of the fiscal policy adopted by Government on the recommendation of the Fiscal Commission.

(12) *Main problem before the Committee.*—Our main problem, however, is concerned with the continuous increase in expenditure in the Central Government caused by an overgrowth of staff. There can be no doubt that much of this growth is due to the establishment of separate ancillary departments and offices but since most of them have come into existence recently, we have, in order to avoid causing undue disturbance of existing arrangements, refrained

from recommending their merger in the Secretariat, although we believe that such a course would result in substantial reduction of the staff. We have, on the other hand, proposed reduction of the staff both in these subsidiary offices and the Secretariat proper and we also suggest that each case should be carefully watched with a view to see whether some of the headquarters establishments could not be amalgamated with the Secretariat with resulting economy. The present arrangements in so far as they lead to considerable duplication of work, as in our opinion they undoubtedly do, must be suitably modified in the interests of economy and also because they must lead in most cases to a loss of real efficiency. We have come to the conclusion that the only practicable solution of the position, however, largely depends on how far the Government and the Secretariat are prepared to change their attitude towards the ancillary departments and offices and the directorates of the latter towards their officers and assistants, both of which classes, we note, are educationally well equipped and undoubtedly very well paid. To take one instance, each of the revenue-collecting establishments of the Government of India is in the charge of a responsible and experienced officer assisted by junior officers of a good status—in many cases belonging to the I. C. S., and at the headquarters, in addition to the Secretariat proper, there is a Central Board of Revenue for purposes of supervision and control. As if these two sets of supervising and controlling agency over the local administration and executive staff were not enough, we find in the Salt department another intermediary—the Commissioner, Northern India Salt Revenue Department. We have accordingly recommended the abolition of his office. We are convinced that supervision and co-ordination is generally very much over-done in the Government of India. What is clearly needed is greater reliance on the sense of responsibility of the various units of administration. This view of the position is confirmed by such an eminent body as the members of the Public Service Commission in their replies to our questionnaires. They say:—“ In most matters of importance with which the Public Service Commission deal it appears to them, as far as they can ascertain, that after the matter has been most elaborately considered by the five members of the Commission it is considered, *ab initio*, in the Government offices.” This one sentence describes briefly but conclusively the evil of the present system. The distinguished Chairman of the Commission, Sir Ross Barker, cited cases before us in support of the above statement. The Commission also told us that Government of India do not sufficiently utilise their services and that in fact they could do much more work than what is actually entrusted to them.

Similarly we find that in practice enough use is not made of the results of the labours of non-official commissions and committees of enquiry. Here again the respective departments feel themselves bound to subject to ‘elaborate and detailed examination’—to quote the very words of the memorandum of the Industries and Labour Department—the reports of these commissions and committees so that further considerable expenditure of public time and money is caused by a reconsideration of the very subject by officials of the Secretariat who have not the same opportunities nor in many cases the qualifications for dealing with it. There are now the reports of two such important bodies, the Labour Commission and the Banking Enquiry Committee before Government and according to the usual procedure it is naturally expected that additional staff would be requisitioned in order to deal with them. If one bears in mind the distinguished personnel of these two commissions, the time and labour they devoted to their task, the number of witnesses they examined, the Governments and the officers they consulted, the places they had to visit in connection with their enquiries and the amount of money which these enquiries cost to the country, it cannot be difficult to realise how indefensible

is the attitude and procedure which is ordinarily adopted by Government in these matters. If Government on the other hand confined themselves, in such cases, to the examination of the recommendations from the point of view of well-established policies and their political and financial effects, there would be a considerable saving in time and public expenditure.

In short, the proposals for economy which we have made can be easily carried out if Government treated their own subsidiary departments and officers and non-official bodies like commissions and committees of enquiry and also the legislature as so many responsible parts of Government and not as more or less extraneous and irresponsible bodies, the result of whose activities must in every case be scrutinised with a jealous and suspicious eye.

(13) *Organisation of the Secretariat.*—The Secretariat is not only overstaffed but the multiplicity of nomenclatures and official designations that prevail is apt to be misleading and to create confusion. We have for instance in the “officers” list, ‘Secretary’, ‘Additional Secretary’, ‘Joint Secretary’, ‘Deputy Secretary’, ‘Additional Deputy Secretary’, ‘Assistant Secretary’, and ‘Superintendents’. We have proposed that the normal officers’ staff should consist of one secretary, one deputy secretary and one under-secretary and the establishment should be in charge of a Registrar, while the ministerial work in connection with ‘cases’ will be under the disciplinary supervision of assistants in charge of distinct groups. Assistants should not direct to officers. The posts of assistant secretaries and of superintendents who are promoted assistants should as a rule be done away with. The secretary, assisted by a deputy secretary, will help the Hon’ble Member in dealing with all important questions of policy and the political and financial effects of departmental proposals. In some special cases we have proposed an additional deputy secretary. We are convinced that in many departments there is too much noting. That should be reduced to the minimum. Routine cases, as far as possible, should not be allowed to occupy the time of officers. The under-secretary, if he is a junior officer, should only deal with the less important cases under the guidance of the deputy secretary or the secretary. We also wish to make it quite clear that except in cases where the posts of secretary or deputy secretary have been reserved by Statute for members of the I. C. S. all the others should be open to members of the other services and to assistants, if found fit. We have proposed a small extra remuneration for the assistants who will be placed in charge of sections. The above arrangements will be found entirely feasible, if the practice which now exists to a very limited extent, for heads of certain subsidiary departments and offices to submit cases direct to the Honourable Member in charge, be largely extended. We do not believe that this would result in decisions of Government being based on a narrower point of view and we are clearly of the opinion that no mere Secretariat etiquette or technicalities should be allowed to stand in the way of considerably modifying the procedure in the direction we have indicated.

We have recommended considerable retrenchment of the staff but we may add that if we had the time and the opportunity to examine still more closely the details of administrative arrangements at the headquarters and more particularly the establishments maintained in the provinces such as of the Customs, Income-tax, Salt and Ports and Pilotage, we believe we would have been in a position to recommend even larger economies. We are further of opinion that, if necessary, office hours may be extended in appropriate cases.

(14) In our first Report we recommended the withdrawal of the Lee concessions excepting those in the form of increased salaries which, pending consideration of the general question relating to pay and allowances, would be subjected, as proposed by us, to percentage cuts. We were unable then to show the cost of these concessions but we are now informed that it amounts altogether to Rs. 52 lakhs, the share of the Central Government being 14 or 15 lakhs. We hold that having regard to the present state of the country's finances Government should retrench this item of expenditure whatever justification did or did not exist for it, at the time the Lee Commission made their recommendations. This will mean a saving of Rs. 14 or 15 lakhs in the central budget.

We may observe here that real justification for growth of expenditure in a government should be sought in the increased wealth of the country and contentment of the people, but no such justification can be claimed in view of the falling revenues in spite of increased taxation in all forms and ever-growing political troubles due largely to economic distress and unemployment among various sections of the population.

(15) *Ecclesiastical expenditure.*—We have proposed that the Ecclesiastical establishments, which cost altogether over Rs. 32 lakhs, should not be a charge on the Indian revenues. The maintenance of an established Christian Church in this country is in our opinion a violation of religious neutrality which is the cornerstone of the policy of British régime in India. A portion of this budget provides for spiritual ministrations to the British Army but how much exactly, the Commerce Department, which is in charge of the subject, could not tell us. It is not within our province to examine the need for providing for the services of clergy and chaplains for the Christian population generally or for the British Army in India and the General Purposes Sub-Committee would indeed be loath to stand against any class of people living in India receiving religious ministrations. But we had no hesitation in holding that the Indian revenues should not be burdened with the maintenance of an established Christian Church. In India there are very zealous and worthy missionary bodies of all denominations throughout the land and we entertain no doubt that they would be glad to take charge of the necessary religious services to all Christians employed in the Civil or Military departments of Government. Further, there is no reason whatever why the Christian population in India, permanent or temporary, should not like the others make their own provision for the satisfaction of their religious and spiritual needs. State-maintained established churches have, we believe, disappeared from practically the whole of Europe and America and the British Colonies and from parts of Britain itself. It is an anomaly that India of all countries should be made to maintain an established Anglican Church. We are told that some Moulvis and Granthis are maintained in the Indian Army establishments, but we entertain no doubt that retrenchment of these insignificant items of expenditure would in no way be objected to by the people if the Indian budget were relieved of the extremely heavy expenditure on the ecclesiastical establishments.

It has been suggested that since the East India Company confirmed many grants of revenue-free land in favour of Muhammadan and Hindu religious establishments, the maintenance of Christian ecclesiastical establishments is not a breach of religious neutrality. This argument is based on an entire misreading of history. In the first place the grants referred to were mostly confirmed by the Company either as the Diwan or Chief Revenue Officers of the Mughal Rulers of the day or from purely political considerations and it is

a fantastic travesty of facts to suggest that they did so in anticipation of the Government that followed establishing a Christian Ecclesiastical service to be maintained out of Indian revenues. This is made still clearer by the fact that the British Government in India which subsequently took over charge of certain Muhammadan and Hindu pious endowments for purposes of better management was soon afterwards compelled by the pressure of Christian sentiment in England not to associate itself with non-Christian institutions. Further, the grants of revenue-free lands by way of Inams or Jagirs or Maafis were in fact made in most cases to certain holy fakirs and sanniyasis for their monasteries and not for the maintenance of Muhammadan or Hindu ecclesiastical establishments properly so called.

It has also been said that our proposal that the revenues of the Central Government should not be charged with the expenditure on Ecclesiastical establishments is not within the purview of a retrenchment committee. The contention amounts to this that though we can properly recommend 'reduction' of expenditure to any extent that may be justified, we are not at liberty to recommend abolition of a certain head of expenditure altogether, however opposed it may be to any established policy of Government. Such an argument would only be tenable if the maximum proportion or quantum of reduction had been laid down by the terms of reference but no such limitation has, in fact, been imposed. On the other hand, we have recommended the total abolition of expenditure on certain activities and these recommendations have been accepted by Government, even though such activities were in no way opposed to any policy of Government, *e.g.*, Broadcasting, the Indian State Air Service.

We would, however, make an exception in the case of the grant amounting to about Rs. 1.33 lakhs for Christian cemeteries, because we think that India should be responsible for providing the last resting place for those who die in this country while in her service.

Mr. Ramsay Scott would confine his statement of the case to the following proposition :—

"That the maintenance of the ecclesiastical establishments by the Government of India is inconsistent with the accepted and avowed policy of religious neutrality and non-discrimination in favour of any creed."

(16) *Further action by Government.*—We have already expressed our belief that there is room for still further reducing the expenditure of Government by curtailment of the staff and by reorganisation and we have in some specific cases recommended that Government should not be satisfied with the proposals that we have been able to make within the time at our disposal but should make supplementary enquiries. We should also note that as in most of the departments dealt with in our first interim report so in almost every department and office surveyed by us in the present enquiry the salaries and allowances are much in excess of what India can afford to pay. But we have made no definite proposals on the subject as it is a matter which will be the subject of a special enquiry.

(17) *Form of Estimates.*—We have mentioned in our first report that we are not satisfied with the way the "Detailed Estimates and Demands for Grants" is framed. We have again with respect to the grants examined in the present report encountered difficulties in ascertaining from the Detailed Estimates and Demands for Grants what exactly is the nature and amount of expenditure under certain heads. Nowhere in the Estimates and Demands for Grants could we find information relating to the cost of the concessions and privileges in the form of increased pay, passages for officers and their families, and other similar

items included in what are known as the Lee concessions. Similarly it is impossible to ascertain what is the actual cost of free residential accommodation provided for certain classes of officers. We also see no justification for the gross expenditure of the Nasik Security Printing and Currency Note Presses, which amounts to Rs. 39.43 lakhs, not being shown in the Detailed Estimates and Demands for Grants. We have further noticed that in more than one instance the receipts are not shown. We have also evidence that in some cases the figures given are not altogether reliable, for instance, the estimate for Civil Aviation.

(18) *Financial control*.—Although in our questionnaire (question No. 6) we asked for a full statement regarding the system of financial control over expenditure, it was not supplied to us by the Finance Department. A non-official body like ours, not possessing sufficient inside knowledge of the financial administration, was naturally handicapped, in the absence of a proper memorandum from the department, in eliciting by oral examination of its representatives all the information necessary to enable us to arrive at a satisfactory conclusion on the very important question whether the control of the Finance Department over the expenditure of the Government of India is or is not adequate and efficient.

On such data, however, as were available, our survey of the expenditure so far reviewed has convinced us that the financial control of the Finance Department needs to be considerably strengthened. The considerable increase in expenditure, which has taken place since effect was given to the recommendations of the Inchcape Retrenchment Committee, is in itself ample evidence to show that there has been laxity of control. Much greater vigilance is required on the part of the Finance Department to prevent any growth of expenditure. Any growth in revenue should not, in our opinion, be permitted to result in increased expenditure. Such increase in revenue, as may accrue, must be devoted to reducing the burden of taxation.

Although there are three sections (Expenditure Branches I and II and the Schedule Branch) in the Finance Department in addition to such provision as exists in each department for the examination of new proposals in their financial aspects, we are not satisfied that the control over such expenditure is sufficiently vigilant. Nor are we satisfied that the Standing Finance Committee supplies the necessary amount of check, probably owing to the fact that it does not get an accurate picture of the general financial position when the new proposals are submitted to its scrutiny. We suggest that the normal expenditure having been brought down to a level which would leave a reasonable surplus in the hands of Government even in times of depression such as these, proposals entailing additional expenditure should only be entertained when careful revenue estimates admit of such additions. We are perfectly conscious that the present financial stress is in some measure due to factors which could not have been, and were not in fact, foreseen by any country. At the same time, we are not satisfied that the present budgetary position has not been at least substantially brought about by preventable causes.

There is another factor which contributes to the growth of expenditure without reference to the revenue position. The Secretary of State being the final authority for the disposal of revenues of British India can and does enter into commitments without the approval of the Government of India, who have to handle the revenues and who are in the best position to know what moneys they have got available. The grant of Lee concessions, which, it is a matter of common knowledge, were forced upon the Government of India, is a case in point.

(19) *Appreciation of the Staff's work.*—We once again express our appreciation of the services rendered to the Sub-Committee by our Secretary, Mr. S. P. Shah, I.C.S., whose energy and enthusiasm has greatly lightened our work. Our thanks are also due to the Assistant (Mr. N. N. Singh), the stenographer (Mr. Gur Bakhsh Singh), the clerk (Mr. S. M. Badrud-Din) and the Assembly reporters, who had to work very hard throughout the sittings of the General Purposes Sub-Committee.

(20) *Summary of savings.*—We give below a table showing the effect of our proposals under various heads but it must be borne in mind that it was not possible to make exact calculations in a few cases.

ary of immediate reduction of expenditure (with effect from the 1932-33 budget) resulting from the recommendations made in Part II of the Report.

Chapter number and name of grant.	Grant No.	1929-30 Grant (Actuals). Lakhs.	1931-32 Grant (Budget). Lakhs.	Reduction proposed. Lakhs.	Remarks on the reductions or additional revenues proposed. Other remarks appear as foot-notes.
II. Customs . . .	16	96.17	96.44	16.00	
III. Salt . . .	18	127.05	124.12	12.00	
IV. Opium . . .	19	48.81	73.63	2.21	Also additional revenue of .11 lakh. Some other savings cannot be calculated.
V. Security and Note Presses, Nasik. . .	..	..	..	..	Savings proposed amount to 1½ lakhs, <i>vide</i> Summary.
VI. General Administration. . .	..	..	..	..	Army Department and Military Finance have both been excluded from consideration.
(1) G. G.'s staff, household, etc. . .	27	14.31	15.26	1.68	Only about .40 is a genuine permanent saving.
(2) Council of State . . .	29	1.53	1.55	.65	
(3) Legislative Assembly and Legislative Assembly Department. . .	30	7.36	8.29	.41	Saving will be .70 when the Deputy Secretary's post is abolished.
(4) Home Department . . .	32	6.07	6.02	1.52	
(5) Reforms Office . . .	32-D	..	2.34	.70	
(6) Public Service Commission. . .	33	3.62	3.66*	1.36	Additional receipts of Rs. 2,500.
(7) Legislative Department including Solicitor's branch. . .	34	5.29	5.51	1.24	Includes a saving of .26 in the Solicitor's branch.
(8) E., H. & L. Department including the Records Office. . .	35	7.76	8.18	2.25	Includes a saving of .24 in the Records Office.
(9) Finance Department (O. B.). . .	36	6.47	7.44	1.71	Military Finance left out.
(10) Commerce Department. . .	38	3.94	4.83	.98	
(11) I. & L. Department. . .	40	5.94	6.53	1.90	
(12) Delhi-Simla move . . .	..	..	5.79†	2.48	
(13) Payments to Local Governments for "agency" work. . .	42	2.58	2.30	<i>Nil</i>	
VII. Administration of Justice. . .	44	.53	.55	<i>Nil</i>	
VIII. (1) Ports . . .	} 46	9.61	11.92	1.50	There should be additional revenue of about 4½ lakhs.
Pilotage . . .		12.87	14.24	3.87	An extra provision of one lakh will be needed in 1932-33.

*Rs. .64 under grant No. 69-B.—Examinations, savings on which are .14.
 The 1931-32 provision for the Delhi-Simla move is already included in the 1931-32 provisions departmental and attached offices. Many but not all of these provisions have been shown

Serial No.	Chapter number and name of grant.	Grant No.	1929-30	1931-32	Reduction proposed.	Remarks on the reductions or addition of revenues proposed. Other remarks appear as foot-notes.
			(Actuals). Lakhs.	(Budget). Lakhs.		
21	(2) Lighthouses and Lightships.	47	13.88	12.98	.25	Plus some other savings. But we leave the entire saving out of account.
22	IX. Commercial Intelligence, etc.	64	3.21	5.81	2.76	An additional saving of .10 when Mila office is opened. Also see remark against Serial No. 49.
23	X. Census . . .	65	.27	33.89	24.14	The reduction is automatic.
24	XI. Emigration—Internal.	66	.43	.47	.16	
25	XII. Joint Stock Companies.	68	1.29	1.43	.09	
	XIII. Miscellaneous Departments.	69	..	..	..	Total saving in these portions of grant No. 69 is .26 lakh on the 1931-32 provision of 1.88 lakh.
26	(1) Examinations . .	69-B	.56	.69	.14	
27	(2) Patents and Designs.	69-D	.90	.98	.11	
28	(3) Actuary . . .	69-E	.33	.21	.01	
29	(4) Bushire Coal Depot.	69-G	..	.02	Nil	
30	(5) Courts of Enquiry, etc.	69-I	.07	.005	Nil	
31	XIV. Currency . .	71	44.18	50.25	3.30	Plus some other savings.
32	XV. Mint . . .	72	29.35	27.72	2.50	Plus some other savings and also a saving of .09 in the near future.
	XVI. Miscellaneous .	76	..	..	..	Total saving in grant No. 76 is 2.46 lakh on the 1931-32 budget provision of 35.11 lakhs.
33	(1) Allowances and Rewards.	76-A	.23	.32	.07	
34	(2) Books and Periodicals.	76-B	.74	.81	.16	
35	(3) Donations and Vagrancy.	76-C	.14	.15	Nil	
36	(4) Tariff Board . .	76-D	2.24	2.32	1.00	
37	(5) Other Committees and Commissions of enquiry.	76-D	16.22	1.08	Nil	Savings likely to accrue cannot be estimated.
38	(6) Compensations . .	76-E	25.52	25.52	Nil	
39	(7) Rents, etc. . .	76-F	2.13	2.14	Nil	There will be some savings, but they cannot be estimated.
40	(8) Grant-in-aid . .	76-G	.55	.56	.18	On the Victoria Memorial.
41	(9) Local Clearing Office.	76-H	.19	.19	.18	Extra expenditure on one clerk accounted for under Legislative Department.

Serial No.	Chapter, number and name of grant.	Grant No.	1929-30 Grant (Actuals). Lakhs.	1931-32 Grant (Budget). Lakhs.	Reduction proposed. Lakhs.	Remarks on the reductions or additional revenues proposed. Other remarks appear as foot notes
42	(10) Indian Soldiers' Board.	76-I	•13	•15	•05	So far as civil estimates are concerned saving will be •15.
43	(11) Miscellaneous and unforeseen charges.	76-J	12.45	•96	•45	
44	(12) Institute for Disabled soldiers.	76-K	•87	•25	•25	
45	(13) Other Miscellaneous charges.	76-K		•66	•12	
46	XVII. Delhi . . .	80	44.06	47.06*	6.05	Includes automatic saving of 3.23 lakh "on works".
47	XVIII. Andamans . . .	82	46.35	42.22†	9.40	
48	XIX. Secretary of State.	86	36.24	34.77	8.00	Plus such saving as may be effected in India's contribution to the League of Nations.
49	High Commissioner . . .	87	92.13	75.14‡	10.78	There will be an addition of about •40 to expenditure when Milan office is opened. When Stores Department is reorganised, there will be an additional saving of about five lakhs.
50	XX.—Ecclesiastical—Non-voted . . .		31.63§	32.71||	31.11	Include savings in minor administrations, etc.
Total . . .			760.05	791.73	153.82	

Summary.—On our proposals the reduction of expenditure will be 153.82, or if the deterioration at Nasik is also taken into consideration, 153.57 lakhs. (In 1932-33 an extra lakh will be needed by Commerce Department.) To this 153.57 lakhs may be added about 15 lakhs on account of the present cost of Lee concessions (now specifically estimated by the Finance Department) to the civil estimates of the Government of India. From this 168.57, the saving of about •25 on grant No. 47 should be excluded, since the saving does not affect the central Government's expenditure but the *pro forma* accounts of the Lighthouses and Lightships Fund.

It should also be borne in mind that of the savings proposed above the following are automatic, *viz.*, 1.50 under Pilotage, 24.14 under Census and 3.23 under Works (Andamans).

*Including expenditure provided for in other grants, the Delhi grant is 104.81 lakhs.

†Including expenditure provided for in other grants, the Andamans grant is 45.73 lakhs.

‡Includes 40.01 for leave salaries, pensions, etc., disbursed under instructions from India.

§Includes 2.15 provided in the grants for minor administrations, which has not been included in the total.

||Includes 2.29 for minor administrations and •25 for works in the Civil Works grant. These two amounts are not included in the total.

Savings or expenditure which are contingent or cannot be estimated have not been included in the calculation, and additional revenues likely to accrue have been indicated but have been excluded from the calculation.

Taking both parts of our interim report together, the reduction of expenditure on our proposals will be 288·92 lakhs on grants amounting in the aggregate to 11,13·49 lakhs. This is = 26 per cent.

Explanations.—(1) Under grant No. 21—Forest a saving of 6·61 was recommended in the first part of our Interim Report. On our revised proposals in Chapter XXI this saving *will be reduced* by 1·31 to 5·30 lakhs. (2) The forecasted expenditure for the Nasik undertakings is 9·43 lakhs. On the Sub-Committee's proposals the reduction in expenditure would be 1½ lakhs. But, for purposes of the 1932-33 budget there will be a net deterioration to the extent of ·25 lakh.

APPENDIX I.

Statement showing the attendance of members at the meetings.

Names.	5th October to 29th October.	13th Novem- ber.	16th November to 5th December.	Total.	Remarks.
Days of sitting . . .	17*	1	12	30	*One (29th Octo- ber) was an in- formal meeting when Mr. Nixon and Secretary met to frame an estimate of savings, Mr. Ramsay-Scott was also in attendance.
Sir Abdur Rahim . . .	16	1	12	29	
The Honourable R. B. L. Ram Saran Das.	10	..	3	13	† Was in England throughout in connection with the R. T. C.
Mr. Rangaswamy Ayan- ger.	..	..	..	Nil†	
Mr. S. C. Mitra . . .	12	1	12	25	
Mian Muhammad Shah Nawaz.	—	—	4	4	
R. S. Harbilas Sarda .	5	1	9	15	
Mr. Ramsay-Scott .	14	1	12	27	
K. B. Hafiz Wilayat Ullah	6	1	4	11	
Mr. J. C. Nixon . . .	17	..†	12	29	† Was out of Delhi on Duty.

NOTE.—Mr. K. C. Roy was a member but he died on 7th September 1931.

APPENDIX II.

Expenditure accounted for on behalf of the Finance Department.

	1913-14.	1921-22.	1924-25.	1931-32.
SECRETARIAT GRANT.				
Finance Department (Civil) . . .	4.10	6.26	4.85	7.44
Finance Department (Military) . . .	1.56	6.06	5.53	6.96
Central Board of Revenue . . .	..	..	2.31	3.07
Total Secretariat Grant . . .	5.66	12.32	12.69	17.47
OTHER GRANTS.				
Customs	41.34	64.96	66.08	96.44
Taxes on Income	4.69	23.06	59.44	75.87
Salt	92.52	1,56.13	1,26.56	1,24.12
Opium	1,52.41	1,79.62	2,35.14	73.63*
Stamps	1.68	36.28	4.69	—03†
Home Administration—Secretary of State and High Commissioner	39.27	1,09.79	70.42	1,09.91
Currency	35.64	48.71	35.68	50.25
Mint	19.90	13.92	13.68	27.72
Miscellaneous‡	1,12.57§	60.41	46.74	35.11
Audit and Accounts	39.59	67.64	76.64	1,16.56
Adjustments with Provincial Govern- ments . . . . .	..	28.94	50.74	..
Payments on account of Agency Sub- jects . . . . .	..	.21	1.48	2.30
	5,45.27	8,01.99	7,99.98	7,29.35

* Decrease due to reduction of cultivation in pursuance of the policy of stoppage of exports from 1935.

† Stamps being manufactured in India, expenditure on purchase in England has disappeared. The cost of manufacture is not shown under this grant.

‡ The various Departments of Government administer the subjects included in this grant.

§ Includes "Civil furlough and absentee allowances" which are now debited to the respective subject heads of account.

|| Now distributed over the respective subject grants.

In order to arrive at comparable figures, which have been given below, the following adjustments have been made :—

- (1) Owing to change in opium policy, the reduction in expenditure in 1931-32 is nominal only. 73·63 has therefore been taken as the figure of expenditure in 1913-14, 1921-22 and 1924-25.
- (2) As in the case of (1), —·03 has been adopted as the figure of expenditure in 1913-14, 1921-22 and 1924-25.
- (3) Since the expenditure in 1921-22 and 1924-25 under " Adjustments with Provincial Governments " represented partly arrear payments and partly charges which are now shown under the respective subject grants, the whole of the amounts shown under the two years have been eliminated.

After these adjustments the totals for the various years will stand as follows :—

1913-14.	1921-22.	1924-25.	1931-32.
4,64·78	6,30·75	5,83·0	7,29·35

Expenditure accounted for on behalf of the Commerce Department.

—	1913-14.	1921-22.	1924-25.	1931-32.
SECRETARIAT GRANT.				
Commerce Department . . .	3·46	4·99	3·22	4·83
OTHER GRANTS.				
Commercial Intelligence . . .	1·51	2·97	2·97	5·81
Joint Stock Companies . . .	*	1·30	1·33	1·43
Ecclesiastical	19·15	30·51	31·30	32·43
Ports and Pilotage and Lighthouses and Lightships	16·72	21·65	24·81	39·14
	40·84	61·42	63·63	83·64

Expenditure accounted for on behalf of the Department of Education, Health and Lands.

SECRETARIAT GRANT.				
Department of Education, Health and Lands . . . . .	..	4·19	5·07	6·98
Education Department	2·74	..	..	..
Keeper of Records	·74	·88	·98	1·20
Revenue and Agriculture Department	2·45†	3·52	..	..
Total Secretariat Grant	5·93	8·59	6·05	8·18

* Figures not separately available.

† Used to deal with many sources of revenue which are now " Provincial ".

	1913-14.	1921-22.	1924-25.	1931-32.
OTHER GRANTS.				
Forest	2.98	10.82	10.63	11.30
Survey of India	25.94	42.63	31.83	41.50
Botanical Survey . . . . .	.45	33.53	3.85	2.98
Archæology	3.58	10.72	13.73	16.01
Zoological Survey	1.29	1.55	1.46	2.30
Other Scientific Departments . . . . .	.44	4.44	5.46	3.24
Education	3.36	3.53	4.17	18.87
Medical Services	4.53	4.53	2.04	9.94
Public Health	11.90	11.20	5.39	13.92
Agriculture	5.47	10.08	18.56	15.37
Imperial Council of Agricultural Research . . . . .	..	..	..	8.00
Civil Veterinary Services	2.03	7.06	7.32	8.30
Emigration—External . . . . .	.23	.32	.53	2.60
	68.13	1,49.00	1,11.02	1,62.51

Expenditure accounted for on behalf of the Home Department.

SECRETARIAT GRANT.				
Home Department Secretariat	3.24	6.62	5.79	6.02
Reforms Office . . . . .	..	..	..	2.34
Bureau of Public Information . . . . .	..	.84	1.33	1.39
Intelligence Bureau	3.67	8.29	5.57	7.11
Total Secretariat Grant	6.91	15.75	12.69	16.86
OTHER GRANTS.				
Staff, etc., of the Governor General	10.63	9.84	13.77	15.26
Executive Council	5.50	5.49	5.38	5.79
Public Service Commission and Staff Selection Board . . . . .	..	.15	.11	3.66
Administration of Justice . . . . .	..	..	.55	.55
Police . . . . .	..	.7	1.97	1.99
Census . . . . .	.41	..	..	33.89
Delhi*	12.70	37.50	32.73	47.06
AmJamans and Nicobars†	20.54	39.79	38.73	42.22
	56.69	1,08.59	1,05.93	1,67.28

* Education, Health and Lands and other departments also administer some of these subjects.

† "Forest" is administered by the Department of Education.

Expenditure accounted for on behalf of the Foreign and Political Department.

	1913-14.	1921-22.	1924-25.	1931-32.
Foreign and Political Department Secretariat	7.17	9.93	8.54	11.74
North-West Frontier Province . .	1,22.41	1,75.03	2,20.55	2,46.78
Baluchistan	53.17	60.36	71.57	79.34
Ajmer-Merwara	9.09	13.20	14.23	18.48
Rajputana	12.18	13.21	14.18	12.92
Central India	15.89	13.14	14.18	12.92
Hyderabad	6.57	5.36	5.33	9.90
Excise (non-voted) . . . . .	..	..	..	2.40
Political and Watch and Ward . .	1,74.53	1,80.39	1,64.34	2,26.82
Bangalore	6.06	10.50	22.66	14.16
W. I. S. Agency . . . . .	..	..	13.85	16.83
	4,07.07	4,81.12	5,49.43	6,52.29

Expenditure under the control of the Army Department.

Army Department Secretariat . .	3.85	6.20	6.68	6.61
Military Expenditure	29,84.41	59,52.96	59,66.52	56,47.57
	29,88.26	59,59.16	59,73.20	56,54.18

Expenditure accounted for on behalf of the Legislative Department and Legislative Assembly Department.

Legislative Council	1.71	..	..	..
Council of State . . . . .	..	2.25	2.06	1.55
Legislative Department	2.27	6.80	6.44	5.51
Legislative Assembly and Legislative Assembly Department . . . .	..	5.80	5.17	8.29
	3.98	14.85	13.67	15.35

Expenditure accounted for on behalf of the Department of Industries and Labour.

	1913-14.	1921-22.	1924-25.	1931-32.
SECRETARIAT GRANT.				
Industry Department	*	5.24	..	..
Public Works Department	3.21	4.16	..	..
Inspector General of Irrigation . . . . .	.55	.85	..	..
Department of Industries and Labour . . . . .	..	..	5.43	6.53
	3.76	10.25	5.43	6.53
OTHER GRANTS.				
Irrigation	14.70	27.11†	29.52	31.89
Indian Posts and Telegraphs and Indo-European Telegraph Departments	4,94.49	9,09.12	8,50.48‡	11,98.05
Meteorology	4.27	6.70	6.68	21.48
Geological Survey	3.06	4.19	4.58	5.69
Mines . . . . .	.98	1.76	2.17	2.63
Industries . . . . .	..	.57	60.91§	1.97||
Aviation . . . . .	..	.87	.22	31.58
Emigration—Internal . . . . .	.82	1.00	.52	.47
Miscellaneous Departments ¶	2.32	3.33	3.90	6.57
Indian Stores Department ** . . . . .	..	4.03	10.64	8.32
Civil Works	1,55.82	1,53.53	1,77.73	2,41.28
Stationery and Printing	32.12	79.54	35.34	63.29
	7,12.34	12,02.00	11,88.12	16,19.75

* In 1913-14 there was a combined Commerce and Industries Department. The total expenditure has been shown under "Commerce Department".

† Budget estimate.

‡ Budget figure.

§ This includes figures for steel bounties.

|| This represents Dhanbad School of Mines.

¶ Some of the subjects included in this grant are administered by other departments.

** Recoveries are now shown as minus expenditure. In 1924-25 they were shown as revenue and expenditure was voted gross. Certain receipts formerly treated as minus expenditure have been re-classified as Revenue.

In order to arrive at comparable figures, the following adjustments have to be made :—

- (1) In 1931-32, gross cost of the Indian Stores Department should be taken.
- (2) Gross figures should be taken for the years 1921-22, 1924-25 and 1931-32 under Stationery and Printing. (The figures for 1921-22 do not take into account certain recoveries, the figures for 1924-25 are net and the figures for 1931-32 take into account only certain recoveries.)

Making these adjustments the totals would stand as follows :—

1913-14.	1921-22.	1924-25.	1931-32.
7,12·34	13,13·34	12,36·42	16,81·17

APPENDIX III.

(Reference—paragraph 6 on page 4.)

Statement showing the Commissions and Committees appointed since 1921 together with their cost from year to year.

Serial No.	Title of Commission, etc.	Year in which appointed.	Cost.
1	2	3	4
			Rs. a. p.
1	The Press Laws Committee . . .	1921	18,317 0 0
2	The Repressive Laws Committee . .	1921	14,058 0 0
3	The Racial Distinctions Committee . .	1921	35,821 9 8
4	The Second Telegraph Committee . .	1921	2,500 0 0
5	The Military Requirements Committee .	1921	6,929 0 0
6	The Committee appointed to consider the Esher Committee's report.	1921	Nil.
7	The Cantonment Reforms Committee . .	1921	Cost unknown.
8	The Indianisation Committee . . .	1921	Cost unknown.
9	Government Securities Committees . .	1921	11,000 0 0
10	Railway Finance Committee . . .	1921	67,916 0 0
11	Indian Railway Committee . . .	1921	4,60,080 0 0
12	Deck Passengers' Committee . . .	1921	59,934 0 0
13	Burma Reforms Committee . . .	1921	20,000 0 0
14	Special Committee to enquire into and report on certain matters relating to the Indian Institute of Science, Bangalore.	1921	Nil.
15	Statute Law Revision Committee . .	1921	Nil.
16	Committee on Indian Students . . .	1921	14,341 0 0
17	Fiscal Commission	1921	3,47,803 0 0
18	Braithwaite Committee	1922	22,448 0 0
19	Committee on Public Petitions . . .	1922	Nil.
20	Staff Selection Board Committee . . .	1922	Nil.
21	Indian Arms Rules Committee . . .	1922	16,046 1 0
22	North West Frontier Enquiry Committee .	1922	76,550 0 0
23	Railway Industries Committee . . .	1922	Nil.
24	Seamen's Recruitment Committee . .	1922	7,383 13 11

Serial No.	Title of Commission, etc.	Year in which appointed.	Cost.
1	2	3	4
			Rs. a. p.
25	Machinery Committee	1922	1,200 0 0
26	Bengal Pilot Service Committee	1922	6,000 0 0
27	Railway Risk Note Committee	1922	4,186 0 0
28	Railway Depreciation Committee. . . .	1922	38,933 0 0
29	The Indian Retrenchment Committee	1922	71,000 0 0
30	The Waziristan Committee	1922	Cost unknown.
31	New Capital Enquiry Committee	1922	8,500 0 0
32	Preliminary Committee on Workmen's Com- pensation Bill.	1922	3,913 6 0
33	Railway Accounts Committee	1922	68,050 0 0
34	Piece Workers' Committee	1922	2,911 13 3
35	Tariff Board	1923	17,78,002 0 0*
36	Indian Mercantile Marine Committee	1923	1,37,623 0 0
37	Railway Statistics Committee	1923	27,941 0 0
38	Committee to make recommendations regard- ing the re-organisation of the administra- tive methods of the Forest Department.	1923	4,450 0 0
39	Coal Dust Committee	1923	12,652 0 0†
40	Committee on Police Uniforms	1923	1,500 0 0
41	Calcutta High Court Committee	1923	2,934 0 0
42	Indian Bar Committee	1923	1,12,000 0 0
43	Royal Commission on Superior Civil Services	1923	3,00,000 0 0
44	Civil Justice Committee	1924	2,50,000 0 0
45	The Reforms Enquiry Committee	1924	46,000 0 0
46	Locomotive Standards Committee	1924	33,569 0 0
47	Colonies Committee	1924	37,770 4 0
48	The Auxiliary and Territorial Forces Com- mittee.	1924	17,500 0 0
49	The Indian Taxation Enquiry Committee . .	1924	4,86,000 0 0†

* Expenditure upto 1931-32.

† Expenditure incurred upto 1929-30.

‡ Influenced by discussions in the Indian Legislature. A resolution was also moved in the Council of State in 1923.

Serial No.	Title of Commission, etc.	Year in which appointed.	Cost.
1	2	3	4
			Rs. a. p.
50	The External Capital Committee	1924	<i>Nil.</i>
51	Coal Committee	1924	76,162 0 0
52	The Posts and Telegraphs Department Committee.	1924	30,000 0 0
53	Track Sub-Committee	1925	30,000 0 0
54	Carriage and Wagon Standards Committee .	1925	74,198 0 0
55	The State Railways Workshop Committee .	1925	75,187 0 0
56	Bridge Sub-Committee	1925	40,000 0 0
57	Committee to enquire into the question of giving financial assistance to the Lady Hardinge Medical College, Delhi.	1925	3,703 9 0
58	Deputation of the Government of India to South Africa.	1925	75,000 0 0
59	Committee on the cost accounting in the Army in India.	1925	20,624 0 0
60	Indian Sandhurst Committee	1925	1,67,871 0 0
61	Committee to report on horse breeding in India	1925	13,496 0 0
62	Royal Commission on Indian Currency and Finance.	1925	2,87,000 0 0
63	Standing Committee of Chief Engineers .	1925	*
64	Committee to enquire into the working of the London Timber Agency of the Government of India.	1925	10,060 0 0
65	The Indian Economic Enquiry Committee .	1925	1,18,000 0 0
66	Tariff Board (Cotton Textile Industry Enquiry).	1926	1,36,919 0 0
67	Government of India delegation to South Africa.	1926	1,17,000 0 0
68	Committee to report on the condition of the Imperial Library, Calcutta.	1926	<i>Nil.</i>
69	Frontier Civil Forces Committee	1926	37,574 0 0
70	Committee to enquire into the Back Bay Reclamation Scheme.	1926	1,39,000 0 0
71	Track Sub-Committee	1926	25,000 0 0

* The cost involved was very small. As the members of the Committee belonged to various Railways. As their pays and allowances were borne by their respective Railways.

Serial No.	Title of Commission, etc.	Year in which appointed.	Cost.
1	2	3	4
			Rs. a. p.
72	Vocational Training Committee . . .	1926	2,852 8 0
73	Committee of enquiry appointed to investigate the affairs of the Army Canteen Board.	1926	<i>Nil.</i>
74	The Ordnance Supply Committee. . .	1926	12,227 15 0
75	The Second Innes Committee . . .	1926	250 0 0
76	Royal Agricultural Commission . . .	1926	14,34,666 0 0*
77	Indian Army Ordnance Accounts Committee.	1926	1,066 0 0
78	The Indian States Committee . . .	1927	2,07,294 0 0†
79	The States Opium Enquiry Committee . .	1927	32,365 0 0
80	Indian Road Development Committee . .	1927	1,31,229 0 0
81	Transfer of Property Committee . . .	1927	31,990 0 0
82	Government of India Deputation to Africa .	1927	66,000 0 0
83	Deputation of Educational Experts to South Africa.	1927	30,000 0 0
84	Committee to enquire and report on the allocation of a permanent site for the Delhi University Buildings and the extent and nature of assistance to be given to it.	1927	1,899 0 0
85	Committee on the organisation of Medical Research under the Government of India.	1927	12,477 0 0 [‡]
86	Committee to consider the question of residence and accommodation for members of the Indian Legislature.	1927	<i>Nil.</i>
87	Advisory Committee in connection with the scheme for the encouragement of Indian Artists by providing facilities for the decoration of certain Government Buildings in New Delhi.	1927	625 0 0
88	The Indian Cinema Committee . . .	1927	1,96,949 0 0
89	The Indian Statutory Commission . . .	1927	12,97,284 0 0
90	Trade Mission	1928	44,851 0 0
91	Age of Consent Committee	1928	2,95,400 0 0

* Includes expenditure in England.

† Against this expenditure, a portion of which was incurred in 1930-31 His Majesty's Government have made a contribution of £20,000 and promised a further contribution of £60,000 out of which 1/3rd of the expenditure incurred by Provincial Governments on account of the Commissions of enquiry should be refunded.

‡ Exclusive of Rs. 25,000 contributed by the Indian Research Fund Association.

Serial No.	Title of Commission, etc.	Year in which appointed.	Cost.
1	2	3	4
			Rs. a. p.
92	Indian Central Committee	1928	6,01,495 0 0*
93	Auxiliary Committee of the Indian Statutory Commission.	1928	2,09,161 0 0
94	Indian Sale of Goods Bill Committee . .	1929	8,206 0 0
95	Watch and Ward Committee	1929	2,543 0 0
96	Hides Cess Enquiry Committee	1929	46,426 0 0
97	Indian Forestry Committee	1929	27,300 0 0
98	Haj Enquiry Committee	1929	1,97,800 0 0
99	Primary Education Committee	1929	48,933 0 0
100	Royal Labour Commission	1929	12,80,000 0 0
101	Indian Central Banking Enquiry Committee.	1929	6,14,518 0 0
102	Indian Provincial Banking Enquiry Committees.	1929	6,50,939 0 0†
103	Central Areas Banking Enquiry Committees .	1929	71,283 0 0
104	The Peshawar Disturbances Enquiry Committee.	1930	76,550 0 0
105	Special Committee to examine a bill to amend and define the law relating to partnership.	1930	9,292 9 0
106	The Salt Survey Committee	1930	40,073 0 0
107	The Lady Hardinge Medical College Enquiry Committee.	1930	2,848 0 0
108	Special Committee appointed to investigate certain facts relevant to the economic and financial relations between British India and Indian States.	1930	28,156 0 0
109	The Drugs Enquiry Committee	1930	1,10,000 0 0
110	Committee to enquire into the causes of the high mortality among repatriated Indians on board S. S. "Sutlej."	1930	400 0 0
111	Committee to enquire into the working of the special organisation in Madras for dealing with emigrants returning to the Presidency from South Africa under the scheme of assisted emigration.	1930	No expenditure was incurred.

* Includes expenditure both in India and England.

† Inclusive of Rs. 92,314 contributed by Local Governments.

Serial No.	Title of Commission, etc.	Year in which appointed.	Cost.
1	2	3	4
			Rs. a. p.
112	Inland Steam Vessels Rates Advisory Committee, on the complaint of the Pioneer Motor Boat Company, Dacca, against the India General Navigation, and Railway Company, Limited, and the River Steam Navigation Company, Limited.	1931	*
113	North West Frontier Province Subjects Committee.	1931	35,510 0 0
114	Sind Financial Enquiry Committee . . .	1931	25,240 0 0
115	The Tribal Control and Defence Committee .	1931	25,819 0 0
116	The North-West Frontier Province Regulation Committee.	1931	52,066 0 0
117	The Indian Military College Committee, 1931	1931	18,138 7 0
118	Posts and Telegraphs Accounts Enquiry Committee.	1931	15,300 0 0
119	Court of enquiry under the Indian Trades Disputes Act.	1931	24,000 0 0
120	Retrenchment Committees (including Retrenchment Office and Sub-Committees).	1931	1,75,000 0 0

* The machinery of the Railway Rates Advisory Committee was utilised in undertaking this enquiry. The question whether the General Budget should pay a contribution to the Railway Budget for the cost of the enquiry, and if so the amount thereof, have not yet been settled.

CHAPTER II.

GRANT No. 16.—CUSTOMS (96·44 lakhs).

(1) *Explanation of the grant.*—The Customs grant of 96·44 lakhs is one of the largest grants in the civil estimates of the Government of India, and consists of the following items :—

	Lakhs.
(i) Pay of officers (8·09) and of establishments (49·78)	57·87
(ii) Compensations, which are mostly non-voted	16·64
(iii) Payment of overtime and holiday allowances to officers	9·71
(iv) Grants to charitable, recreation and similar welfare institutions	2·43
(v) Allowances, honoraria, etc.	3·26
(vi) Boats—Purchase and repair of boats (·42); their equipment and stores (·30)	·72
(vii) Supplies and services (1·44) and contingencies (2·50)	3·94
(viii) Payment to other departments, governments etc.	2·14
(ix) Land customs charges other than pay of staff	1·31
(x) English charges on stores	·04
Deduct contributions (·85)* and “probable savings” (·78)	—1·63
	<hr/> 96·43 = 96·44

(2) *Customs policy.*—Broadly speaking, the land frontier of India is free, the only exceptions being (i) the frontiers along the foreign enclaves, *viz.*, the French and Portuguese settlements, (ii) Burma-Siam frontier and (iii) the Viramgam-Dhandhuka cordon. As regards harbours along the sea the policy is to encourage trade to go to the major ports, where the necessary trained technical staff is available. The harbours and ports of maritime states are, generally speaking, treated as “foreign” ports; the important exceptions to this rule are Bhavnagar and ports in Cochin and Travancore States. Customs establishments are maintained on the frontier between Afghanistan and the North-West Frontier Province and Baluchistan in order to check the goods passing through India free of duty under the trade convention with Afghanistan.

(3) *Functions.*—The Customs Department as such is concerned with (a) the collection of the most important single head of central revenues, *viz.*, revenue from customs including that from certain excises, *e.g.*, motor spirit, petroleum, etc., and (b) with work incidental to its main duty at the ports or the land frontiers, *e.g.*, prevention of smuggling, collection of statistics, control of prohibited or restricted goods. It also collects light dues and cesses and royalties for local administrations and certain funds. Other work connected with the ports, *e.g.*, the administration of ports, pilotage, lighthouses, emigration, pilgrim traffic is no part of its own responsibility, even though under the present arrangements officers of one department frequently look after the work of other departments in addition to their own duties.

(4) *Administration.*—India has at present six ports classed as major ports, *viz.*, Calcutta, Bombay, Madras, Karachi, Rangoon and Chittagong. At these and some of the outlying ports customs work is under officers of the Customs Department; at other outlying ports it is looked after by officers of other departments, generally Port Officers, an allowance being paid to them for their customs work. The arrangements are by no means uniform. In Bombay Presidency the Salt Department looks after (i) sea customs work everywhere except at Bombay proper, and (ii) land customs work. *Per contra*, the Customs Department performs duties in connection with imported salt at Calcutta and Chittagong. At some of the Burma ports the customs

*Establishment charges recovered from other departments, private bodies, recoveries on account of supervision of factories by customs officials or of customs staff at private wharves, and similar contributions from others for various services rendered.

staff is responsible for lighthouses and lightships. For the administration of customs on the Orissa coast the Government of Bihar and Orissa are still responsible, and receive a share of their cost. This outline shows that the administration of customs still retains many of the vestiges of the pre-reform system under which Local Governments used to be responsible, as agents, for customs, salt, ports, lighthouses, etc. It may also be added that in connection with inward foreign postal articles customs work is done by the Posts and Telegraphs Department in return for an annual payment of two lakhs.

(5) *Organisation*.—The Customs Department used to be controlled by the Commerce Department, but since 1924 the administrative control vests in the Central Board of Revenue. Apart from the exceptional cases where another department or a Local Government still looks after customs work (e.g., minor ports in Burma and Bombay, or ports in Bihar and Orissa), the agency by which the Central Board of Revenue controls the work is the customs staff at the various ports.

At five of the six major ports there are collectors of customs; two of these posts are reserved for the I. C. S. and the other three are filled by officers of the Imperial Customs Service. Among the outlying ports Chittagong is the most important and customs work there is in charge of an Assistant Collector of the Imperial Customs Service.

The Collector has under him the necessary staff consisting of (i) Assistant Collectors, (ii) audit and account officers, (iii) Appraisers and examiners, (iv) preventive service men and wharfingers, (v) chemists, (vi) clerks and (vii) inferior servants including boat crews. The following table shows the present strengths of each class of establishments at each of the six major ports, their outposts, and at the land frontiers under (a) officers and (b) establishments.

—	Calcutta.	Bombay.	Rangoon	Madras.	Karachi.	Chittagong.	Outposts.			Land frontiers.
							Burma.	Madras.	Bombay.	
(i) Officers—										
Collector	1	1	1	1	1	..	..	..	..	..
Assistant Collectors*	7	7	3	3	3	1	..	..	..	..
Audit, etc.	..	..	1	1	1	..	..	..	..	..
Chemists	2	1	1	1	1	..	..	..	..	..
Others	10	10	2	2	2	..	..	6	..	5
Total	20	19	8	8	8	1	..	6	..	5
(ii) Establishments—										
Appraisers and Examiners	37	33	12	11	21	2	..	..	..	..
Preventive Service men.	273	88	109	47	40	21	..	100	..	4
Wharfingers	..	111	..	..	26	..	..	..	..	..
Chemists	8	3	1	1	1	..	..	..	..	..
Clerks	408	344	169	148	150	30	..	189	..	5
Inferior (including crews).	443	464	201	79	192	31	..	652	..	12
Others	16	39	23	2	8	2	..	..	..	1
(iii) Total	1,185	1,119	515	288	451	86	..	941	..	22

* In addition to above there are leave and training reserves of three Assistant Collectors and three probationers.

While each of the five custom houses has its own chemical staff on the spot, "chemical control" work is, at present, in charge of the present incumbent of the post of professor of chemistry at the Government College, Lahore; he has a small special staff to assist him.

It only remains to add that unlike the Income-Tax or the Salt Departments, the Customs Department has no recognised class II service. It has however been proposed to classify certain posts as class II posts under the recent "classification" rules.

(6) *Scales of pay*.—Apart from the one selection post for which the pay is Rs. 3,000 *plus* overseas pay, the regular scale of pay for Collectors of Customs is Rs. 2,250—100—2,750 *plus* overseas pay. The Imperial Customs Service is on the scale of Rs. 350—50—1,500 *plus* overseas pay. The scales of pay for other posts vary from port to port.

(7) Growth of expenditure and receipts (in lakhs)—

	1913-14.	1922-23.	1924-25.	1929-30.	1930-31.	1931-32.
Expenditure . . .	41·34	72·74	77·12	96·17	94·61	96·44
Receipts . . .	11,13·78	45,41·84	44,98·19	51,27·66	54,63·81	56,45·97

A comparison of the ratio of expenditure to receipts is not of much help, since the growth of receipts is primarily due, not to the increased volume of trade but to enhancements in, and new additions to, the tariffs. Thus, since 1924-25 Government stores pay customs duties; till then they used to come in free. The general tariff which used to be 5 per cent. in 1913-14 and 15 per cent. up to 1930-31 is now 25 per cent. Customs work has also grown in complexity not only since 1913-14 but even since 1922-23.

(8) *Inchcape Committee's proposals*.—This Committee's observation that compared with 1913-14 there was probably a falling off of trade in the period ending 1922-23 may be true of the state of trade today, but the precise position cannot be verified statistically. That Committee recommended that "the strength and pay of the staff at the various customs houses should be examined with a view to possible economies" but "having regard to the importance of maintaining the revenue", it did not recommend any further reduction. In fact, it was found necessary to increase the staff, and in the case of some establishments, to enhance the scales of pay.

(9) *Departmental proposals*.—The Central Board of Revenue proposes to reduce the number of Assistant Collectors' posts by five, subject to the proviso that two accounts officers' posts should be added to the cadre. This would save ·57 lakh. A lump cut of 10 per cent. is proposed in the other gazetted and non-gazetted staff; on the former the saving would be ·33 lakh, and on the latter 4·78 lakhs. Other savings proposed are ·50 on allowances, ·20 under establishment charges paid to other departments and governments, ·05 under land customs charges and ·65 under other expenditure. Total 7·07 lakhs.

(10) *Our proposals*.—(i) From a study of the statistics relating to the expenditure, the revenue collected, and the numbers of staff to be controlled we conclude provisionally that there is no intrinsic justification for treating all collectors of customs alike in the matter of pay. We shall take this up at a later stage of our enquiry.

(ii) The sanctioned cadre of Assistant Collectors was 21 in 1913-14 and 24 in 1922-23 and now stands at 30. We agree with the Board's proposal that the cadre should be reduced. The net reduction it offers is three, i.e., ten per cent. We do not think this goes far enough. We propose that, taking Collectors and Assistant Collectors together, at least six posts should be reduced:

the proposed reduction is a little over fifteen per cent. As regards the reduction of expenditure, we shall assume that it will be *pro rata*. Further, we think that the cost on other officers' posts should be similarly reduced by 15 per cent. In this connection our remarks in the next sub-para. may be seen.

The aggregate savings on our proposals will be 1.18 lakhs at the ports and .03 at the land frontiers, i.e., a total of 1.21 lakhs.

(iii) The Board has offered to effect a ten per cent. reduction in the establishments. We do not consider this offer adequate in the case of this department. India's overseas trade, both import and export, has declined appreciably. We recognise that a highly trained technical staff cannot be increased or decreased with every change in the volume of trade. But we hold that this contention, even if valid in the case of appraisers, chemists, and similar classes of technically trained men, is hardly applicable to the case of preventive servicemen, and the ministerial and menial establishments. It has again been argued that the decrease in the total volume of trade does not necessarily indicate a proportionate decrease in customs work ; in fact, we have been told that owing to the operation of the tendency for small individual consignments to increase at the expense of large and uniform ones, customs work is tending to increase inspite of the volume of trade remaining more or less the same. We concede that this contention has a little force, but we think it has been over stated. Our view is that taking everything into consideration a reduction of 15 per cent. in the *provision* for establishment is practicable. If the men to be retired or discharged are properly selected, the proportion so dealt with need not go up to 15 per cent. nor need it be uniform as between the various classes and grades of customs services ; this remark applies to sub-para. (ii) also

Our proposal should yield a saving of 7.47 lakhs.

(iv) The staff is recruited for work at the ports, almost all of which are expensive stations. In our opinion the entire system of compensatory and house-rent allowances should therefore be abrogated. We cannot calculate the savings, since we do not know the amounts provided for such allowances. We are therefore reduced to proposing a cut of 15 per cent. on the provision for all allowances except those for overtime work. Finance Department has already issued orders cutting down certain allowances ; hence we think it will not at all be difficult to effect the reduction proposed by us, especially because the numbers will also decrease.

The resulting saving will be .49 lakhs.

(v) Similarly, in the case of the following provisions the 1932-33 budget should be reduced by 15 per cent.; viz., (a) purchase and repair of boats, (b) stores and equipment of boats, (c) charges for the detection of offences, (d) supplies and services, (e) contingencies, (f) "other charges" at the land customs stations.

The total savings will be .78 lakh, even after allowing for the entire minus provision for "probable savings" under this sub-paragraph.

(vi) The 1931-32 grant contemplates receipts of 12.35 lakhs by way of overtime fees realised from merchants and shippers and shipowners (6.52) penalty fees levied for work on Sundays and special holidays (4.73), and bond and other fees realised from merchants for work done during ordinary working hours (1.11). Out of this 12.35 lakhs the 1931-32 budget provides for the following payments, viz., (a) 6.47 lakhs to officers out of merchants' overtime fees, (b) 3.39 to officers out of the penalty fees including crown overtime, (c) 1.34 plus .57 brought forward from 1930-31, i.e., 1.91 lakhs which is the amount available for grants out of penalty fees to seamen's and customs welfare institutions.

The following table gives the necessary information for the years 1929-30 1930-31 and 1931-32 :—

	1929-30. (Actuals.)		1930-31. (Revised Estimates.)		1931-32. (Budget.)	
	Receipts.	Expendi- ture.	Receipts.	Expendi- ture.	Receipts.	Expendi- ture.
Merchants' overtime	6.34	6.36	5.75	5.84	6.52	6.47
Penalty fees . . .	4.30	3.09 } 1.10†	3.81	3.39 } 1.10†	4.73	3.38 1.91†
*Bond and other fees for work during ordinary hours . . .	1.09		1.06		1.11	

We have examined very carefully the theory and practice of the system of levying penalty fees and overtime charges. We have no doubt that shippers and shipowners find it convenient to pay these rather than let their cargoes remain uncleared. We therefore propose that the system of charging such fees should remain unaltered in essence. We consider this case to be somewhat analogous to the case of "late fees" and "double charges" in the Posts and Telegraphs Department.

We are not, however, convinced that it is necessary to pay to customs officials the whole or even a large part of the fees so realised. A large proportion goes to preventive servicemen who, we consider, are already well-paid. Their duties correspond to the duties of police officers and the men used at one time to be drawn, to some extent, from the police. The scales of pay are in our opinion extremely liberal when compared with those in force for the corresponding grades of provincial police services operating in the ports concerned. We have been told that on the average "overtime" and similar emolument amount to about one-third of the pay proper. Hence, we can see no justification for these additional emoluments. We may also cite the case of the port establishments, who, broadly speaking, are paid, not the whole, but only one half of the overtime earned for Government. The labour involved in the case of customs officials is not physical; hence, the analogies of railways, mint and similar departments are not applicable to the case of the customs establishments. We hold that the ordinary theory of Government service, *viz.*, that a Government employee is deemed to be in service all the twenty-four hours of the day should be acted upon in this case. Scores of Government department—central and provincial—involve overtime work for their staffs, but the payment of overtime allowances or even bonus is an exception proving the rule that a public servant must, whenever necessary, put in extra work without expecting extra wages. In fact, in the case of Customs and similar services such overtime work should be regarded as one of the normal incidents of service. We are not sure that the system of "overtime" allowances does not encourage abuses. On all these grounds, we hold that the entire system of overtime, etc., allowance can and should be abolished. But, in the case of those already in service we would not go so far. With the exception of Mr. Ramsay-Scott we hold that Government are entitled to appropriate to themselves the whole or a part of the receipts from overtime and penalty fees charged to the public. The Sub-Committee, however, having regard to the practice that has obtained hitherto recommends that 50 per cent. of the receipts should be appropriated to Government. Mr. Ramsay-Scott would, however, confine his recommendation to an appropriation of not more than one-fourth.

* These are entirely credited to Government.

† Payments to charitable and welfare institutions.

Payments from merchants' overtime fees and from penalty fees including crown overtime are made to officials of the department. The balance of fees levied for work on Sundays and special holidays after payment of penalty fees and crown overtime to officers becomes available for payment to seamen's and customs welfare institutions. In fact, we observe that a large majority of the institutions actually in receipt of grants are recreation clubs and institutions for mutual financial assistance among customs officials. Grants to such institutions are not a statutory obligation on Government, though we concede that it has been the customary practice of Government so far to make them. While we hold that Government are entitled and justified in refusing to continue these grants, we do not recommend such action. Some consideration should be shown to the institutions, since they would naturally expect the grants not to be discontinued all of a sudden. We therefore recommend that the same principles and percentage cuts should be applied to these grants as in the case of payments to officers.

Although receipt in 1931-32 are estimated to amount to 11·25 lakhs, the estimate of the amount available for expenditure is 11·77. Since, our proposal is for the reduction of expenditure rather than the increase of receipts, we estimate a saving of 5·88 lakhs from our proposals in this sub-paragraph.

(vi) Out of the provision of 2·14 for payments to other departments, governments and bodies the Board has offered a saving of ·20. We recommend that it should be accepted.

(vii) Chemical control work should, in our opinion, be made over to the Government Test House at Alipore.

(viii) We only wish to add that since the appointment of junior Indian members of the I. C. S. as Assistant Collectors is intended to train them for appointment as Collectors of Customs drawn from the I. C. S., the post of Assistant Collector held by an Indian member of the I. C. S. should not be brought under reduction. Such reduction as is given effect to should be in the cadre of Assistant Collectors belonging to the Imperial Customs Service.

(11) *Summary of savings.*— On our proposals the aggregate reduction of expenditure will be 16·03, or say, 16 lakhs.

CHAPTER III.

GRANT NO. 18.—SALT (125·15 lakhs).

(1) *Explanation of the grant.*—The 1931-32 estimates for all the Salt departments are Rs. 1,24·12 lakhs *plus* Rs. 1·03 lakhs (=£7,725) for overseas pay, leave salaries, etc., paid in sterling. The budget may be summarised below :—

Direction.	Salt purchase and freight.	Royalties and compensations.	Capital expenditure.	Total.†
(i) N. I. S. R.	31·09*	31·54	1·02	63·35
(ii) Madras	11·26	3·85	4·88	21·70
(iii) Bombay	26·02	6·05	·87	33·54
(iv) Burma	1·66	..	..	1·66
(v) Bihar and Orissa	·76	..	..	·76
(vi) Bengal	2·91	..	·20	3·11

(2) *Salt policy and functions of the Salt Department.*—Broadly speaking the production of salt is not a Government monopoly except in Northern India and at Kharaghoda. Wherever salt is manufactured in India, it is “excised.” In Madras Presidency, Government retain the power of buying up salt from the factories at stipulated prices, the object being to control the price. Salt manufactured or purchased by Government is sold at cost price, which is arrived at by certain formulae; for this purpose Kharaghoda and Northern India sources are lumped together. Salt is not manufactured in Bengal, Assam, Bihar and Orissa, the United Provinces and the Central Provinces. The Salt Departments of Bombay, Madras and Burma are *mainly* concerned with the collection of the excise duty and preventive work. The import duty on salt imported into Bengal is collected by the Customs Department. In Northern India, however, the salt policy has led to concentration of production which is a Government monopoly; preventive work is an important feature of the administration of salt in Northern India. The Indian Statutory Commission suggested that the proceeds of the salt duty should be transferred to the provinces and distributed on a population basis (Volume 2, paragraph 294). The Round Table Conference proceedings indicate that “salt” may be federalised.

(3) *Organisation*—(i) *General.*—The administrative control of all salt departments is vested in the Central Board of Revenue. There are four regular Salt departments, *viz.*, N. I. S. R., Bombay, Madras and Burma. In Sind, apart from the small separate establishment maintained at Maurypu (Karachi) salt is still administered by the Government of Bombay as agent for the Government of India, who pay one-fourth of the cost of the combined “salt and excise” establishment. The Local Government of Bengal and, in respect of certain parts of Bihar and Orissa, the Government of that province continue to be responsible for preventive work and are paid 2 lakhs and 1·76 lakh respectively for this “agency” work by their combined “salt and excise” establishments.

The Collector of Salt Revenue, Bombay, also looks after (a) sea custom work at the minor ports of Bombay Presidency (*minus* Sind), (b) land custom work along the Viramgam-Dhandhuka line, and (c) the minor ports and light houses and lightships; in respect of (c) the Commerce Department make a contribution. *Per contra* the Customs Department looks after salt work at Calcutta and Chittagong. The Salt and Customs Departments do not charge for the work done by the one for the other.

* *Viz.* 1·21 direction, 25·82 other working expenses and 4·06 preventive establishments.

† Totals will not necessarily tally, since they take account of probable savings.

(ii) *N. I. S. R.*—The largest salt administration is the Northern India Salt Revenue Department. It works the two main salt sources in Northern India, viz., (1) the salt mines at Khewra, Warchha, Kalabagh and Kohat and (2) the "brine salt" works at Sambhar, Pachbadra and Didwana. It also looks after preventive work over the whole of Northern India including the Central Provinces and Bihar. The Department is administered from Delhi by a Commissioner drawn from the I. C. S. who gets a special pay of Rs. 250; the post is not, however, reserved for the I. C. S. The other superior staff and their scales of pay (apart from overseas pay) may be set out as below :—

- (a) *Direction*.—A Deputy Commissioner* and a Personal Assistant of the rank of a Superintendent (250—600 *plus* a special pay of 50).
- (b) *Manufacture*.—Two General Managers (1,100—1,400), an Assistant General Manager (700—900), an Assistant Commissioner (700—1,000), 11 Superintendents (250—600) and a Treasury Officer (300—350).
- (c) *Weighment*.—An Assistant Commissioner (1,000) and five Superintendents (250—600).
- (d) *Workshop Supervision*.—A Superintending Mechanical and Electrical Engineer (1,000—1,200) at Khewra and an Electrical and Mechanical Engineer (775—875) at Sambhar.
- (e) *Medical*.—Two assistant surgeons (225—450 *plus* a special pay of 30 and 350 *plus* a special pay of 125).
- (f) *Preventive*.—Two Assistant Commissioners (700—900 *plus* a special pay of 100) and five Superintendents (250—600 *plus* a special pay of 100).

The regular establishment numbers nearly 1,500 men and there are provisions aggregating Rs. 58,300 for temporary establishments.

(iii) The Madras Salt Department is administered by a Collector of Salt Revenue. The post is reserved for the I. C. S. and the Collector gets a special pay of Rs. 200. Under him there are four Assistant Commissioners, one on 1,000—1,200 and the others on 600—900. One of them works as Secretary to the Collector and receives a special pay of Rs. 100. The other gazetted executive staff consists of 12 Inspectors on 300—540.

The regular establishment numbers 1,958.

(iv) In Bombay Presidency also the Collector of Salt Revenue's post is reserved for the I. C. S. but it carries no special pay. The other gazetted staff consists of a Personal Assistant (300—600), a Chief Accounts Officer (300—1,000), seven Assistant Collectors (one on 1,050—1,200 and six on 300—1,000)† and an Assistant Surgeon (200—450 + a special pay of 70). There is also a Deputy Superintendent of Lighthouses (Rs. 450—850) under the Collector, but he does no salt work.

The regular establishment numbers 5,186.

The above-mentioned staff includes an Assistant Collector and an establishment (temporary) costing Rs. 12,400 and Rs. 72,200 respectively for land customs work along the Viramgam-Dhandhuka line.

(v) In Sind the Local Government's excise staff looks after salt work, as the Government of India pay them $\frac{1}{4}$ of the cost of the combined staff. The provision in 1931-32 for this purpose is Rs. 81,000. Besides, a separate Sind Salt Department is maintained at a cost of Rs. 80,000 with a Superintendent (on Rs. 600) in charge.

* The post was held by a departmental officer and has been abolished with effect from September 1931. The Personal Assistant's post has been converted into a Secretary's post (on Superintendent's scale *plus* a special pay of Rs. 100—150).

† For non-Asiatics the scales are Rs. 200 less but they get £25 in lieu of the Rs. 200.

(vi) In Burma the Commissioner of Income-tax works also as Commissioner of Salt Revenue and gets Rs. 200 as special pay. Under him is a Collector of Salt Revenue (1,000—1,250) and two Superintendents (400—900).

The regular establishment numbers 126.

(4) Expenditure, receipts and net revenue (in lakhs)—

	1913-14.	1922-23.	1924-25.	1929-30.	1931-32.
Expenditure (including sterling expenditure).	92.52	1,51.35	1,27.40	1,28.08	1,25.15
Receipts minus refunds . . .	5,16.79	6,82.48	7,39.05	6,76.46	7,05.00
Net Revenue . . .	4,24.27	5,31.12	6,11.65	5,48.38	5,79.85

Note.—From 1888 to 1903 the salt duty was Rs. 2-8-0 per maund. In 1903 it was reduced to Rs. 2; in 1905 to Rs. 1-8-0 and in 1907 to Re. 1. In 1916 it was raised from Re. 1 to 1-4-0 per maund. In 1923-24 it was raised to Rs. 2-8-0 but was again reduced to Rs. 1-4-0 in 1924-25. This is the rate in force now. It has, however, been subjected to a surcharge of 25 per cent. by the Supplementary Finance Act, 1931.

A statement is appended at the end of this Chapter setting forth the salt budget (both expenditure and revenue) of each salt department and how it has been rising or falling.

(5) *Commercialisation of accounts.*—The Inchcape Committee had recommended the introduction of commercial accounts in all the salt departments, but only those of the Northern India Salt Revenue Department are maintained on the commercial system. In that department there was a “profit” of Rs. 56 lakhs against “losses” of about 3½ lakhs in each of the two previous years. The accumulated loss since 1st April 1924 up to the end of 1929-30 was 3.69 lakhs. Fixed assets then stood at 85.10 lakhs.

(6) *Development schemes in hand.*—Consequent upon the Tariff Board’s enquiry and the Salt Survey Committee’s report, a differential duty of 4½ annas per maund has been imposed on imported salt with effect from 18th March 1931. A part of the proceeds of this duty will be devoted to the development of salt sources in India, especially in Northern India, Sind (including Karachi) and along the east coast, with the object of capturing the markets in Bengal and Assam, which at present, are served by imported salt.

(7) *Limitations on scope for economy.*—The Central Board of Revenue rightly points out that certain items of expenditure are either obligatory or affect revenue directly. Thus, royalties and compensations, pensions, establishment charges paid to other Governments or departments, interest on capital outlay and contributions to the depreciation fund, payments to railways for the collection of statistics or for the examination of wagons (for customs purposes) are more or less obligatory. Royalties and compensations are payable to various States and Governments: some of them are fixed sums while others depend on clearances. Expenditure on “manufacture, excavation and despatch” and “purchase, conveyance and storage” directly affects revenue; the scope for genuine reduction of expenditure on these items is restricted. The obligatory expenditure amounts to 49.33 lakhs and “expenditure yielding revenue” to 21.23 lakhs. The budget provision genuinely amenable to retrenchment is thus reduced to 53.56 lakhs plus a part of the 21.23 lakhs.

(8) *Board’s action and proposals.*—(i) The Board has given effect to an old idea and abolished the post of the Deputy Commissioner of N. I. S. R. and converted the post of a Personal Assistant to the Commissioner into that of a Secretary on a higher special pay. (ii) Various vacancies were left

unfilled and certain minor economies effected, in the various salt departments. (iii) The Board also offered to explore the possibility of amalgamating the duties of local heads of central revenue departments, *e.g.*, those of Collectors of Salt Revenue in Bombay and Madras with those of the respective Collectors of Customs. All this was estimated to yield a saving of 6·20 lakhs in the 1931-32 budget. But the genuine permanent reduction of expenditure would have been only 1·66 lakhs, so far as we can estimate it.

Subsequently the Board has offered the following savings, *viz.*, (i) 4½ lakhs under pay, allowances and contingencies, (ii) 1 lakh under works, (iii) 2½ lakhs under supplies and services including salt purchase and freight, (iv) ¾ lakh under depreciation charges and interest on capital. Total 8·75 lakhs.

The savings offered under works amount, to a certain extent, to the mere postponement of inevitable expenditure and those under (iv) are due mainly to the revaluation of assets. On our proposals the savings are appreciably larger. Hence, we cannot recommend the acceptance of the Board's offer. We shall, however, take account of each item of the offer in the relevant portions of our proposals.

(9) *Our proposals* :—

A.—N. I. S. R. DEPARTMENT.

(i) After a careful consideration of the *pros and cons* we have come to the conclusion that the post of Commissioner, N. I. S. R., and his office should be abolished.

His duties are, broadly speaking, two-fold, (i) general control and supervision over the work of the two manufacturing divisions and (ii) supervision over preventive work over almost the whole of Northern and Central India. As regards the first, we observe that a well-paid and qualified staff is already maintained (*vide* paragraph 3-ii). Manufacture being concerned with technical processes, all supervision from a distance must tend to become largely formal and financial; in other matters it must, to a large extent, involve duplication. The Commissioner and his officers were no doubt useful institutions when the salt policy, *viz.*, monopoly and concentration in Northern India, had to be given effect to and preventive work was necessarily a very important element in that policy. But the monopoly as well as the concentration of manufacture are now accomplished facts, and the need for an officer of a high status is no longer what it used to be.

On this important question we examined Sir Chunilal V. Mehta, K.C.S.I., under whose Chairmanship the Salt Survey Committee recently enquired into the feasibility of developing the salt sources in the Salt Range, Rajputana, Sind, etc. It is true that that Committee did not directly examine the question whether the post of the Commissioner and his office should be retained or not. But it had, in fact, an opportunity of studying the utility of that office as an intermediate link between Khawra and Sambhar on one side and the Central Board of Revenue on the other. Sir Chunilal V. Mehta's opinion is that if the manufacturing divisions are in charge of fairly good men, the Commissioner's post and his office are not needed, even after taking into account the need for staff in connection with the development schemes contemplated by his Committee. He has naturally qualified his view by adding that his Committee had no concern—direct or indirect—with preventive work; but, in other respects, it is an unqualified opinion. We may now deal with the bearing of preventive work on the need or utility of the Commissioner's office.

Article 20 of the Irwin-Gandhi agreement relating to the manufacture and sale of salt for local needs (App. I, page 42) renders intensive preventive work in the interests of Salt Revenue less important in future. It is a relic of the old days and its value has declined considerably all over India. In any case we cannot see the reason for maintaining a small special staff for preventive work over almost the whole of Northern and Central India. The nature of things, an arrangement like this must be inefficient and waseful, unless the work to be done by it is very light. Preventive work can be looked at from two points of view, *viz.*, salt revenue and law and order. If the former is a central subject, the latter is definitely a provincial one, and Local Governments should be charged with its administration. In our opinion they alone with their widespread police, excise and revenue organisations embracing every inhabited site can be in the best position to look after the illicit manufacture of salt or its smuggling-in without payment of duty. This fact is the position in Bengal, Sindh and over a considerable part of Bihar and Orissa. Even if the Local Governments of the provinces concerned have to be paid for the preventive work to be made over to them, we hold that from the point of view of the tax-payer in general it will be a cheaper arrangement.

The Central Board of Revenue also told us in reply to our questionnaire that "apart from the question of adjustment between the central and provincial governments, it may still be economical to the tax-payer as a whole to have preventive work performed as a part-time function by excise staff who is already employed in the areas concerned"—(*vide* appendix II, page 42, which the reply is quoted *in extenso*).

Thus, our considered conclusion is that the Commissioner's office is now an anachronism. We understand that the question of its abolition was one time considered in the Finance Department. We definitely recommend that it should be abolished. The Commissioner's powers should, broadly speaking, be delegated to the general managers of Khewra and Sambhar. As suggested by Sir Chunilal Mehta, the present general manager of Khewra might be placed in technical supervisory charge of Sambhar and Pachbad and be constituted the Central Board of Revenue's technical adviser on salt questions. If our recommendation is accepted, we think the Central Board of Revenue should continue to consist of two members, and should take over up to about half of the establishments and of the provisions for allowances and contingencies.

Incidentally we may mention that in our view the only remaining important manufacturing centre in India, *viz.*, Kharaghoda should also be placed in charge of a responsible officer, *e.g.*, the Assistant Collector of Salt Revenue in charge of land customs work at Viramgam which is only a few miles from Kharaghoda. Such officer should, in matters relating to Kharaghoda, be invested with the present powers of the Collector of Salt Revenue, Bombay, and should be empowered to deal direct with the Central Board of Revenue.

(ii) Further, we think a ten per cent. reduction should be made in the provisions under the head "manufacture" after excluding the item "manufacturing and excavation charges", (2) weighment *minus* despatch charges, (3) stores and workshop establishments and (4) medical establishments. We may add that our proposal is not essentially different from the Board's own offer of nearly 10 per cent. on pay, allowances and contingencies. We estimate a saving of 78 lakh. We should here add since the salt manufactured or mined by Government is sold at cost price, the receipts from salt will also be affected when the cost of the production decreases. But such an adjustment takes time; meanwhile the reduction in expenditure will be reflected *in toto* in the civil estimates. In this connection sub-para (iv) may be seen.

(iii) We estimate a further saving of about 1·89 from the abolition of the special preventive establishments in the N. I. S. R. Department, as proposed by us in sub-paragraph (i). We reckon that Local Governments will, on the analogy of Bengal and Bihar and Orissa, have to be paid something as an inducement to take up such work and that possibly half of the present expenditure on the pay and allowances of the staff and on genuine contingencies is all the saving that can be expected. Such an arrangement should in no case prove more costly than the present one, since the Government of India can point to the fact that even a special establishment can be maintained for about 4 lakhs on a scale reasonably sufficient for the work entrusted to it.

(iv) We observe that in the case of Sambhar overhead charges (excluding royalties, etc.) amounted to 21·44 and 16·86 pies as against 9·9 and 8·9 pies at Kharaghoda in 1928-29 and 1929-30 respectively. Sambhar is a bigger manufacturing unit and in most other respects conditions at Sambhar are not less favourable to economical production than at Kharaghoda. Hence we are constrained to observe that we consider the production at Sambhar unduly costly. The staffs at Sambhar as well as Khewra, etc., appear to us to be both excessive and unduly expensive. We know that under the present policy it is the consumer who has to pay the price, whatever it might be. But we think there is no reason why the consumers' interests should not be furthered by all practicable means. We therefore think this question should be carefully investigated by the department and every effort be made to reduce "overheads" at Sambhar to as near the Kharaghoda level as practicable. Since under the accepted policy of developing the Northern India Salt Sources, the output at Sambhar and Pachbadra is likely to be increased, the cost of production per maund should go down still further. We have only to add that this view has been confirmed by Sir Chunilal Mehta.

(v) On our proposals the savings after allowing for a ten per cent. reduction of the deduction for "probable savings", and leaving out possible savings under "works", "contribution to depreciation fund" and "interest charges" to be accounted for under the salt grant as a whole, will be 3·47 lakhs.

B.—MADRAS.

(vi) On the analogies of the combination of income-tax and opium work in the U. P. and of income-tax and salt work in Burma we hold that it should not be difficult to abolish the post of the Collector of Salt Revenue, Madras, after making over his duties to the local Collector of Customs. In fact, the Central Board of Revenue have such an arrangement already in view. Including the provision for passages this proposal will yield a saving of Rs. 26,300.

(vii) In any case, the special pay of Rs. 200 per mensem for the C. S. R., Madras, should be abolished. We observe that the C. S. R., Bombay's duties are heavier and more varied. The numbers of officers and establishments controlled are far larger and the grant administered is bigger by about 50 per cent. He has an important manufacturing centre, *viz.*, Kharaghoda, to supervise; Madras has nothing corresponding to it. He also does customs, lighthouses and minor ports and land customs work; these duties have no counterpart in the case of the C. S. R., Madras. And yet we note that the C. S. R., Bombay, gets no special pay.

(viii) In case, however, the post is retained, the number of Assistant Commissioner's posts should be reduced to three by the abolition of the post of Secretary to the Collector.

(ix) The Central Board of Revenue offered about ten per cent. on pay, allowances and contingencies; we propose a ten per cent. reduction in the provisions for (a) Inspectors, (b) Establishments, (c) Allowances, (d) Supplies and Services and (e) Miscellaneous contingent expenditure. Allowing for a reduction of the deduction to be made for "probable savings", we estimate a saving of .97 lakh from the proposal in this sub-paragraph.

(x) Leaving out savings under "Works" and "Salt purchase and freight" for the present, the total savings in the Madras Salt Department will, on our proposals, be 1.23 lakhs.

C.—BOMBAY.

(xi) The feasibility of amalgamating the duties of the Collector of Salt Revenue with those of the Collector of Customs should be considered. As the Bombay Customs Department is one of the two heaviest customs charges, we refrain from making a positive recommendation. In case the post is retained, the number of Assistant Collectors should be reduced from seven to five; otherwise, from seven to six. For purposes of an estimate of savings we shall assume the former. Savings will be .20 lakh.

(xii) The Bombay Salt Department is, so far as we are aware, unique in possessing an expensive Chief Accounts Officer. We see no reason why arrangements which are good enough for the other provinces should not suffice for Bombay. This post should therefore be abolished, saving Rs. 7,300.

(xiii) Action more or less on the lines of the Central Board of Revenue's offer to reduce the provisions for pay, allowances and contingencies by about ten per cent. would yield savings of 2.43 lakhs as below:—

(a) Establishments	1.91
(b) Further reduction in the provision for "bad climate allowance" . . . . .	.09
(c) Allowances . . . . .	.24
(d) Supplies and Services except payment to Railways for the collection of statistics and for the detention of wagons for customs examination . . . . .	.10
(e) Contingencies except the provision for the amelioration of the condition of <i>qajrias</i> (salt makers on a small scale) . . . . .	.09

(xiv) Leaving out possible savings under "works" and "salt purchase and freight" and making a reduction of Rs. 1,000 in the deduction for "probable savings" under "pay of officers" our proposals will yield a saving of 2.70 lakhs.

D.—SIND.

(xv) Both salt and customs work at Karachi is light and can be amalgamated in charge of the Collector of Customs. No extra emoluments need be paid. The Superintendent's post should therefore be abolished, saving Rs. 7,200.

(xvi) A ten per cent. cut on the provision for establishments, allowances, supplies and services and contingencies and the abolition of the provision of Rs. 3,100 (on the general ground that staff recruited for work at a particular centre or centres should not be given house-rent, compensatory local and similar allowances) will yield savings of Rs. 5,870.

(xvii) Total savings, excluding those under "works" and "salt purchase" will be .13 lakh. Besides, now that Sind has a separate salt department at Karachi, the most important centre of the salt industry in Sind, an attempt should be made to get some reduction in the contribution payable to the Government of Bombay in respect of their combined salt and excise staff.

E.—ADEN.

(xviii) There are only six guards and servants and the total provision for their pay is only Rs. 1,800. Including allowances, contingencies and works the total 1931-32 provision for Aden is only Rs. 3,000. Since under the accepted scheme for the development of the Aden salt industry some expansion is probable, we think no reduction in the budget should be made.

F.—BENGAL.

(xix) The 1931-32 grant includes a provision of .91 lakh for special establishments, *viz.*, 19 executive subordinates, clerks, etc., and 59 servants. A ten per cent. cut on the pay and on the controllable portions of supplies and services and contingencies and the abolition of house-rent and other allowances will yield a saving of Rs. 5,480.

G.—BURMA.

(xx) In the case of the Commissioner of Income-tax, U. P., we have recommended that what, in effect, amounts to a special pay of Rs. 25 should be abolished. Since the salt duty in the case of the Commissioner of Income-tax, Burma, is much lighter than the opium duty in the U. P. and even income-tax work is not amongst the heaviest in India, we must recommend the abolition of the special pay of Rs. 200 per mensem drawn by the Commissioner of Income-tax, Burma.

(xxi) In our opinion the Commissioner can easily look after salt work in addition to his income-tax work, if suitable arrangements are made to provide him with assistance as regards office supervision. The post of Collector of Salt Revenue is superfluous and should be abolished. Saving Rs. 13,700.

(xxii) A ten per cent. cut on the provisions for the pay of establishments, travelling allowances, supplies and services (excepting salt purchase and freight) and contingencies (except rents, rates and taxes) and the abolition or serious curtailment of house-rent and other allowances will yield a saving of about .15 lakh.

(xxiii) On our proposals the total savings in Burma will be .31 lakh.

H.—GENERAL FOR ALL SALT DEPARTMENTS.

(xxiv) To the savings shown by us in detail in the preceding sub-paragraphs may be added the savings proposed by the Central Board of Revenue *viz.*, .1 lakh under works, 2.50 under supplies and services and under salt purchase and .75 under depreciation charges and interest. Total 4.25 lakhs.

NOTE.—The Board had included the savings contemplated by it on supplies and services in this figure, but we have restricted the figure to salt purchase and freight and have taken a separate account of the savings from supplies and services other than salt purchase and freight. The provisions for salt purchase and freight and manufacturing and excavation and despatch charges being substantial amounts, we think there should be little difficulty in giving effect to our proposals in this sub-paragraph.

(10) *Summary of savings.*—On our proposals the reduction of expenditure for purposes of the 1932-33 budget will be 7.89 [paragraphs (1) to (xxiii) *plus* 4.25 (paragraph xxiv)] lakhs. Total 12.14 or, in round figures, 12 lakhs.

It may also be possible to get the Local Governments of Bengal, Bihar and Orissa, etc., to accept lower contributions for “agency” work, the reason being the decline in the importance of preventive work and the probable reductions in the scales of pay in force in the provinces and in the Local Governments’ expenditure in general.

Reference—Paragraph 9 (i).

APPENDIX I.

ARTICLE 20 OF THE IRWIN-GANDHI SETTLEMENT OF MARCH 1931.

“Government are unable to condone breaches of the existing law relating to the salt administration nor are they able in the present financial condition of the country to make substantial modifications in the Salt Acts.”

For the sake however of giving relief to certain of the poorer classes, they are prepared to extend their administrative provisions, on lines already prevailing in certain places, in order to permit local residents in villages immediately adjoining areas, where salt can be collected or made, to collect or make salt for domestic consumption or sale within such villages, but not for sale to, or trading with, individuals living outside them.”

APPENDIX II.

Extract from paragraph 2 of the Central Board of Revenue's reply to our questionnaire :—

“Preventive work is at present done for the Government of India in connection with salt by provincial establishments in Bengal, Bihar and Orissa and Sind. The Board proposes to undertake an examination of the cost of having this work done by separate establishments working under the Collector of Customs or some other local head of a department under the Board. When this examination is concluded, it may show that the present arrangement is the most economical to the central revenues; otherwise, we shall have still to choose between maintaining a separate central staff or using the results of the enquiry to induce the local Governments to accept a lower contribution towards the cost of their own staff which does the work. It will be clear that, apart from the question of adjustment between the central and provincial governments, it may still be economical to the tax-payer as a whole to have preventive work performed as a part-time function by excise staff which is already employed in the areas concerned.”

Statement showing expenditure on and receipts from Salt.
Reference—Paragraph (4).

(The figures are in lakhs of rupees.)

EXPENDITURE.

	Actuals, 1924-25.	Actuals, 1925-26.	Actuals, 1926-27.	Actuals, 1927-28.	Actuals, 1928-29.	Actuals, 1929-30.	Revised, 1930-31.	Budget, 1931-32.
CHARGES IN INDIA.								
NORTHERN INDIA SALT REVENUE DEPARTMENT.								
Working expenses :—								
Direction	1·35	1·30	1·37	1·24	1·28	1·45	1·33	1·21
Manufacture	16·85	12·63	11·60	11·19	11·05	15·49	15·56	14·53
Weighment		1·23	·69	1·32	3·53	3·32	3·41	3·29
Stores and Workshop Establishment	·06	·29	—·51	—1·00	—·80	—·64	—·76	—·81
Medical Establishment	Nil	·29	·26	·27	·26	·27	·30	·27
Contribution to Depreciation Fund.	2·60	2·54	2·66	3·64	2·92	2·76	2·64	2·64
Cost of Accounts and Audit . .	·31	·49	·53	·56	·63	·60	·53	·54
Pensionary charges	Nil	·80	·80	·78	·79	·79	·62	·62
Preventive establishment . . .	3·89	3·74	3·69	3·94	3·92	4·04	4·19	4·06
Interest on capital	3·01	3·72	3·89	4·03	4·97	4·38	4·78	4·74
Compensations	20·52	34·25	32·26	35·03	33·59	33·75	32·25	31·54
Capital Outlay	7·20	7·18	4·80	·50	·58	1·12	·71	1·02
Deduct—Probable savings . . .	Nil	Nil	Nil	Nil	Nil	Nil	Nil	—·30
Miscellaneous	—·13	Nil	—·10	Nil	Nil	Nil	Nil	Nil
Total—N. I. S. R. Department .	65·65	68·49	61·94	64·57	65·77	67·33	65·66	33·35
MADRAS.								
Direction	10·54	10·54	10·40	10·51	10·29	10·46	10·87	11·26
Salt purchase and freight. . . .	4·04	3·72	6·06	4·77	·97	1·86	2·41	3·85
Works	2·80	2·93	3·34	3·39	2·62	2·91	2·80	2·56
Compensations	4·87	4·89	4·83	4·83	4·87	4·87	4·83	4·83
Deduct—Probable saving	Nil	Nil	Nil	Nil	Nil	Nil	—·80	—·85
Total Madras	22·25	22·13	25·28	23·55	18·75	20·10	20·16	21·70
BOMBAY.								
Direction	22·29	23·43	23·00	21·01	21·39	25·54	25·93	25·37
Establishment paid to or received from other Governments, etc.	·48	·50	·49	·50	·62	·63	·66	·64
Salt purchase and freight. . . .	10·43	6·53	6·24	5·44	6·05	6·43	7·75	6·05
Works	Nil	·83	·83	·97	·99	·68	1·01	·61
Compensations	·79	·93	·84	·91	·84	·89	1·18	·87
Total Bombay	33·99	32·32	31·45	31·33	32·89	34·15	36·56	33·54
BENGAL.								
Direction	1·02	1·02	·94	·99	1·17	·91	·95	·91
Establishment charges paid to or received from other Governments, etc.	2·00	2·00	2·00	2·00	2·00	2·00	2·00	2·00
Compensations	·20	·20	·20	·20	·20	·20	·20	·20
Total Bengal	3·22	3·22	3·14	3·19	3·37	3·11	3·15	3·11

Statement showing expenditure on and receipts from Salt—*contd.*

(The figures are in lakhs of rupees.)

EXPENDITURE—*contd.*

	Actuals, 1924-25.	Actuals, 1925-26.	Actuals, 1926-27.	Actuals, 1927-28.	Actuals, 1928-29.	Actuals, 1929-30.	Revised, 1930-31.	Budget, 1931-32.
CHARGES IN INDIA—<i>contd.</i>								
BURMA.								
Direction	·64	4·94*	1·53	1·53	1·33	1·53	1·55	1·66
Total Burma	·64	4·94	1·53	1·53	1·33	1·53	1·55	1·66
BIHAR AND ORISSA.								
Establishment charges paid to other Governments	·78	·76	·76	·76	·76	·76	·76	·76
Total Bihar and Orissa	·76	·76	·76	·76	·76	·76	·76	·76
ASSAM.								
Direction	·01	·01	·01	·01	·01	·01	Nil	Nil
Total Assam	·01	·01	·01	·01	·01	·01	Nil	Nil
CHARGES IN ENGLAND.								
Leave salary, deputation pay and sterling overseas pay and stores.	·63	·28	·48	1·57	·90	1·03	1·02	1·03
Exchange	·25	·09	·16	Nil	Nil	·01	Nil	Nil
Total England	·88	·37	·64	1·57	·90	1·04	1·02	1·03
GRAND TOTAL	1,27·40	1,32·24	1,24·75	1,27·01	1,23·83	1,25·03	1,25·86	1,25·15

* Includes adjustments in respect of previous years.

REVENUE.

Northern India Salt Revenue Department.	1,07·06	1,27·47	1,57·41	1,64·56	2,43·72	1,52·64	1,48·25	1,62·57
Madras	1,89·92	1,47·59	1,43·01	1,44·55	1,47·55	1,47·45	1,42·90	1,47·84
Bombay	1,73·34	1,52·20	1,58·44	1,53·91	1,58·11	1,57·84	1,56·53	1,54·96
Bengal	2,35·91	1,71·64	1,76·78	1,63·75	1,76·02	1,84·09	2,04·43	2,05·15
Burma	32·81	34·05	34·16	36·39	34·52	34·42	32·85	34·55
Bihar and Orissa	Nil	·01	·01	·01	Nil	·01	·01	·01
Assam	·01	·01	·01	·01	·01	·01	Nil	Nil
Total	7,39·05	6,32·97	6,69·82	6,63·18	7,59·93	6,76·46	6,85·00	7,05·01

CHAPTER IV.

GRANT NO. 19.—OPIUM (73·63 lakhs).

(1) *Explanation of the grant.*—The opium budget for 1931-32 is 73·63 lakhs. It may be set out as follows :—

	Lakhs.
(i) Purchase of old stocks of opium in Mewar State . . .	7·30
(ii) Payments for special cultivation in Malwa . . .	27·00
(iii) Payments to cultivators in the United Provinces . . .	27·97
(iv) The Opium Factory at Ghazipur	4·21
(v) Superintendence and other establishments in the United Provinces	5·46
(vi) Miscellaneous charges at Calcutta	·05
(vii) Establishment and other charges elsewhere	·08
(viii) Compensations (·09 in Bengal, and ·46 to some States) . . .	·55
(ix) High Commissioner (·04 stores plus ·97 establishments*) . . .	1·01

(2) *Opium Policy and Revenue Prospects.*—As regards British India the Government of India exercise a monopoly of cultivation and manufacture of opium. A compensation of Rs. 9,000 is paid to the French Government in consideration of the surrender of the right to cultivate opium in Chandranagar (Bengal). The policy *vis-a-vis* the Indian States varies. In consideration of the surrender of the right to cultivate opium, compensations aggregating ·46 lakh are paid to some States (in Kaira, Ahmedabad and Banaskantha). Outside British India the tracts suitable for opium cultivation in India are Malwa and Mewar. Some of the Malwa States (*e.g.*, Sitamau) depend on opium cultivation for a considerable share of their public revenues. The present policy of Government is to give certain States a share in the internal market for Indian opium and thus to lead up to a closer control over their production of opium. Malwa opium is rather cheaper than “Benares”, *i.e.*, U. P. opium. An important decision taken in 1930 was to buy up old stocks of opium in the Mewar State; this commits Government to an expenditure of over 72 lakhs spread over ten years. The object underlying it was to secure control over opium produced in Mewar and suppress its smuggling into British India and the Far East. The opium so purchased is cheaper than “Benares” or Malwa opium. It is to be disposed of at cost price for consumption in the States.

Under India's ratification of the Opium Convention of 1925 the exports of opium (called “provision” opium) to the Far East, where it is largely used for smoking, are being reduced and, except for medical and scientific uses, will come to an end after 1935. “Provision” opium is supplied at a profit. “Excise” opium is meant for consumption in India and will continue to be manufactured at Ghazipur for supply at cost price to the excise departments of the provinces and administrations and also those of some Indian States (*e.g.*, H. E. H. the Nizam's). As regards opium for medical and scientific uses, Indian opium has already lost ground rapidly owing to its comparatively low and perhaps also decreasing morphine content.

(* *Note.*—The establishment charges consist of leave salaries and deputation allowances and sterling overseas pay. They are included in the Indian budget estimates because the accounts are commercialised.)

(3) *Functions*.—The Opium Department arranges for the cultivation of poppy in the United Provinces and for the purchase of opium produced in Malwa and of stocks of opium held in the Mewar State. At Ghazipur the crude opium is manufactured into "provision", "excise" and "medical" opium.

(4) *Organisation*.—The Opium Department is under the administrative control of the Central Board of Revenue. The Opium Agent's post carries a pay of Rs. 2,500—100—3,000 *plus* £13/6/8 Overseas Pay and is reserved for the I. C. S. There used to be a full-time Opium Agent, but since 1924 the Commissioner of Income-Tax, United Provinces, works also as Opium Agent; the Income-Tax and Opium Departments share the cost of his pay and allowances equally.

Expenditure on "superintendence" in the United Provinces also includes the cost of—

(a) a Superintendent of gazetted rank (Rs. 520—20—660) and 19 clerks and 11 servants at headquarters, and

(b) 22 "District" Opium Officers, 113 clerks and 274 servants in the districts of the United Provinces.

The old cadre of District and Assistant Opium Officers is on the scale Rs. 750—50—1,000—100—1,400*. But the policy now is to recruit officers of the Provincial Civil Service, U. P. and give them a special pay of Rs. 50 and for work as District Opium Officers Rs. 100 p.m. over their pay as Deputy Collectors. The 1931-32 provision for the pay of the twenty-two District and Assistant Opium Officers is 1·81 lakhs and for that of the district establishments 1·43 lakhs.

For the Opium Factory there are (a) a Managing Director (on Rs. 1,250—50—1,500 *plus* £30 O.P.), (b) a Factory Superintendent and Assistant Superintendent who, in addition to their pay, are paid factory allowances of Rs. 250 and 150 p. m. respectively, and an Opium Chemist (on Rs. 600—50—1,200). The Factory establishment of 195 (inclusive of 140 servants) consists of chemists, engineers, medical officer and clerks and including ·22 lakh for temporary establishments costs 1·12 lakhs.

A scheme costing Rs. 2,000 was recently sanctioned for research on opium alkaloids as a part of the measures for retaining India's position in the world market for medical and scientific opium.

Lastly, mention should be made of the Excise Commissioner for Rajputana and Central India whose cost is borne on the Foreign and Political Department estimates but whose duties are mainly concerned with opium.

(5) Expenditure, receipts and net revenue.—

	1913-14.	1922-23.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
Expenditure . . .	152·44	186·61	235·57	211·47	100·44	87·01	54·95	48·81	75·24	73·63
Receipts . . .	243·35	378·92	379·76	415·00	433·14	394·52	326·59	304·10	262·60	215·58
Net Revenue . . .	90·91	192·31	144·19	203·53	332·70	307·51	271·64	255·29	187·36	141·95

* The opium accounts are now maintained on a commercial basis. According to the accounts for the year ending 30th September 1929 the fixed asset stood at 16·01 and the floating assets at 203·02 lakhs.

* For officers of non-Asiatic domicile the scale is Rs. 650—50—700—50/2—800—100/2—900—900—950—100/2—1,150 *plus* overseas pay.

19·30 lakhs was surrendered in February and March 1930 due to lower output

It will be seen from paragraph (2) that the policy underwent a radical change in 1925, and necessitated a reduction in the outturn of opium. Hence, comparisons with the figures of any year before 1925-26 are not of much use. Even after 1925-26 they are not easily comparable.

(6) *Nature of the opium budget.*—If the provision for the purchase of opium and opium stocks, compensations and contribution to the Municipal Board of Ghazipur be left out of account, the nominal grant of 73·63 is reduced to 10·81 lakhs as below :—

(i) Pay of officers and establishments (6·48) and allowances, etc.	
(·65)	7·14
(ii) Supplies and Services (2·27) and Contingencies (·75)	3·02
(iii) Works (·54), stores (·04) and other charges (·07)	·65

The Central Board of Revenue rightly argues that this portion of the budget is the only one susceptible of any reduction. At first it offered a reduction of Rs. 47,540 of which only Rs. 27,410 represented genuine permanent reduction. The Board now hopes to realise a saving of ten per cent. on the opium grant excluding the provisions for the Purchase of Opium and Supplies and Services, *i.e.*, heads D and E excluding Supplies and Services. This saving would amount to 75 lakh, *i.e.*, to 7 per cent. of the 10·81 lakhs mentioned above.

(7) *Our proposals.*—(i) In view of the lightness of income-tax work in the United Provinces we do not see sufficient reason why the Commissioner should get the higher scale prescribed for the Opium Agent at a time when opium revenue was much larger than it now is. In effect, this amounts to an extra special pay of Rs. 250. It should be abolished. Savings will be Rs. 3,000.

(ii) We observe that the Opium Agent's office has an expensive Superintendent. This post should be reduced to that of a Head Assistant on about Rs. 250 to Rs. 350. Savings will be Rs. 4,000 to Rs. 5,000.

(iii) We see no justification for the continuance of the *exceptional* amenity which opium officers at Ghazipur enjoy (*viz.*, free medical attendance on their families) and which costs Government Rs. 100 p.m. by way of an allowance to a medical officer at Ghazipur. We recommend that it should be cut out. Savings will be Rs. 1,200.

(iv) The policy of scattered cultivation in the United Provinces with the object of keeping up various nuclei which could be expanded for opium cultivation should be given up immediately and the number of divisions be reduced from 14 to 9. The present cost of superintendence in the fourteen division is 4·84 lakhs. We estimate that our proposal will yield a saving of one lakh. It also renders it unnecessary for us to examine the district staffs in detail with a view to possible reduction. But, we must urge the need for selecting the senior officers for retirement.

(v) The Inchcape Committee had recommended the abolition of the post of the Managing Director. In fact, the Opium Agent's post was converted into a part-time one by amalgamating his duties with those of the Commissioner of Income-Tax, U. P., and the Managing Director's post was left untouched. In our opinion the following remarks of that Committee are applicable even to-day, possibly with greater force :—

“The appointment of Managing Director, costing Rs. 18,000, did not exist in 1913-14, but was introduced during the war for a special purpose, namely, to develop the production of opium alkaloids, for which at that time there was a considerable demand. We understand that this demand has now practically disappeared and we recommend that the appointment be abolished.”

We further observe that from the point of view of income-tax work the United Provinces is a light charge. We do not agree with the Central Board of Revenue that the Managing Director's post cannot be abolished so long as the head of the department is the Commissioner of Income Tax. We note that the present Managing Director has already put in over 33 years of service and is over 55 years of age. We recommend that the post should be abolished forthwith. Savings will be Rs. 18,200 *plus* 4,800 (O. P.)*=Rs. 23,000.

(vi) The factory allowances of Rs. 250 to the Factory Superintendent and of Rs. 150 to the Assistant Factory Superintendent are altogether too liberal. Special pay was sanctioned for the factory charges long before 1913-14, and the amounts remained unvaried, at least since 1909. The factory is no longer the heavy charge it must have been when opium revenue was, at least comparatively, a much larger source of central revenues than it now is. With the gradual reduction of the manufacture of provision opium the charge will be lighter still. We have also to bear in mind the amenities available at Ghazipur. In the light of all these considerations we see no justification for retaining the factory allowances. The concession of rent-free quarters should prove a sufficient attraction to the officers selected for factory superintendence. But, since we are going to propose that this concession be abrogated, we propose that the factory allowances should be reduced to the equivalent of house-rent at 10 per cent. and should not be paid, if rent-free quarters continue to be provided. Savings will be Rs. 4,800.

(vii) We do not see why the Opium Department should have such a costly Chemist. The present Chemist was appointed in 1915 when opium alkaloids were needed for the war. We were told by the Central Board of Revenue that the question of abolishing the post is under its consideration. We think it should be abolished. We would, however, suggest that the present incumbent of the post should, if possible, be absorbed somewhere, specially in work requiring the services of an applied or an industrial Chemist, *e.g.*, in Customs Chemical Work.

(viii) The cost on account of the pay of officers and of establishments at the Factory has not only not gone down but has even gone up slightly in spite of the adoption of the policy of extinguishing exports. We are not satisfied with the Opium Agent's view, as the result of his enquiry in 1930, that there was no scope for retrenchment. As regards officers we have made detailed proposals. We recommend that factory establishment also should be reduced by one-tenth so as to save Rs. 12,900.

(ix) Three individual officers get a personal allowance of Rs. 100 p.m. (subject to the maximum of their time-scale) as a reward for war services. We think, the need for continuing them should be scrutinised afresh. We consider such allowances objectionable in principle and specially so at a time of such acute financial stress.

(x) We are not satisfied that any special pay should be necessary to attract provincial service men into the Opium Department. We hold that the practice of treating service in departments other than the land revenue departments as so onerous or special as to deserve special pay is altogether out of date and even unfair to the regular provincial services. We recommend that in future no such special pay should be offered. If experience proves that the right type of officers is not being attracted into the Opium Department, the special pay might be revived.

* Included in our calculation, because the accounts are "commercialised".

(xi) The practice of re-employing pensioners on temporary posts at rates of remuneration equal, or almost equal, to full pay prior to retirement *minus* pension should be discouraged. Younger men should get the chance. Our proposals will yield small savings, but they cannot be calculated.

(xii) In addition to the reduction involved in our proposal in sub-paragraph (iv) the provision for travelling allowances for the district opium staffs (·64 lakh) should be reduced by Rs. 8,000.

(xiii) The provisions for Supplies and Services and Contingencies for the Factory as well as for the district staffs should be curtailed so as to save Rs. 25,000.

(xiv) The provision of ·54 for "works" should, for the present, be reduced to ·30. Actual cost in 1929-30 was ·30.

(xv) The concession of rent-free quarters should be abrogated for every member of the staff. We estimate that the additional revenue will be a considerable amount—perhaps, not below ·06.

(xvi) It is understood that the Factory plant is capable of generating electricity in excess of the factory requirements. If it be supplied to staff quarters and the adjacent localities, at rates generally in force in similar stations in the U. P., we estimate that Government should derive an additional *net* revenue of about ·05 per annum.

(xvii) When the present agreement with the French authorities at Chandranagar expires at the end of 1932, opportunity should be taken to persuade them to surrender their rights under the Treaty of 1815 without compensation with effect from the year of complete stoppage of the export of "provision" opium. As regards the Indian States to whom compensations are paid at present similar action should be taken.

(8) *Summary of savings and of additional revenue.*—On our specific proposals the reduction of expenditure will be 2·21 lakhs and additional revenue of ·11 lakh will also accrue. Some other savings cannot be calculated.

CHAPTER V.

SECURITY PRINTING AND CURRENCY NOTE PRESSES, NASIK (39·43 lakhs).

(1) *Explanation.*—The gross expenditure on these Presses does not figure in the civil estimates. The only places where, so far as we are aware, they are at all mentioned are in grants No. 20-Stamps and 88-Capital expenditure on the Nasik concerns. The former grant provides Rs. 5,000 for leave salaries of the officers and staff of the Presses. Grant No. 88 is a nominal grant for Rs. 1,000, as the net amount required for “capital” expenditure is a *minus* amount of 3·94 lakhs. In an indirect manner the Presses figure in the grant for Currency also, *viz.*, in the provision of 17·80 lakhs for the cost of currency note forms.

We have considered the question whether this commercial undertaking with its personal ledger account falls within our purview as a committee for retrenchment and we have come to the conclusion that it does. We have shown above that the civil estimates have to bear a part of the real gross expenditure of the Presses. A reduction of the cost of running them would be reflected in the cost of currency note forms and stamps. We have therefore scrutinised their affairs in the light of such information as we possess in the absence of detailed estimates set forth in the grants.

(2) *Functions.*—Their main functions are to manufacture and print currency notes, revenue and judicial stamps and postage stamps, post cards, etc. There is also a Central Stamp Store maintained in conjunction with the Security Press. Occasionally it is asked to print special stamp papers of extraordinary denominations. Prior to the establishment of these Presses currency notes and stamps used to be obtained from the Bank of England and from Messrs. Thomas de la Rue and Co. on contract.

(3) *Organisation.*—Finance Department is in administrative charge and the Master deals direct with that department. The Master's scale of pay is Rs. 2,000—200—3,000, *i.e.*, the same as that of the Mint Masters at Calcutta and Bombay. The present Master's actual pay is Rs. 3,000 *plus* a special pay of Rs. 675 and a compensatory allowance of Rs. 200. But this pay is personal to him. He is on extension of service up to 20th October 1932. To assist him there is a Deputy Master, whose actual emoluments including a special pay of Rs. 100, a compensatory allowance of Rs. 220 and overseas pay of £30 are Rs. 2,420. The pay of the Deputy Master's post has not yet been fixed and this pay is personal to the present incumbent. There is also a post of an Officer on Special Duty which is due to terminate in January 1932. His emoluments, are, pay Rs. 1,050, a special pay of Rs. 118-2-0 and overseas pay of £30. The non-gazetted staff consists of a Press Manager on Rs. 1,200—50—30—1,400 *plus* 10 per cent. compensatory allowance, an Engraver on the same scale, 11 Technical Supervisors on Rs. 400—40—600 *plus* 10 per cent. compensatory allowance, 11 Technical Junior Supervisors on Rs. 200—15—350—20—550, 4 Technical Assistant Supervisors on Rs. 100—10—150—15—300. The control staff consists of 2 Chief Supervisors on Rs. 750—50—1,000, 6 Junior Supervisors on Rs. 200—15—350—20—550 and 23 Assistant Supervisors on Rs. 100—10—150—15—300. There are also the usual clerical and accounting establishments, store-keepers and some watch and ward and inferior establishments.

(4) *Proposals.*—(i) In Part I of our Interim Report we said (paragraph 2 of Chapter III, page 14). “*Prima facie*, however, we are of opinion that the gross expenditure of this and of all other commercial undertakings

should be submitted to the Legislature in the usual way". We have been given to understand that while the gross expenditure is not incorporated in the Demands, it also does not receive the normal attention of even the Finance Department. So far as we can see, the rules under which this situation arises are *ultra vires* of the Government of India Act. We observe that the gross expenditure of some "commercialised" undertakings, e.g., the Railways, the Posts and Telegraphs Department, the manufacturing side of the Northern India Salt Revenue Department, is submitted to the scrutiny and control of the Legislature for the purpose of "grants", and we do not see why that of the Security and Note Presses should be treated as an exception. We therefore recommend that the gross expenditure should be included in the Demands for Grants for 1932-33 and future years.

(ii) We may here refer to a suggestion which has been made to us that taking into account the fall in prices it is doubtful whether Nasik is now producing as cheaply as the former contractors would have done. We do not consider this a cogent argument in favour of reverting to the former system, but it appears to us to indicate that this concern is perhaps not running as economically as it should do. We therefore recommend that Finance Department should undertake as early as possible a thorough examination on the spot of the expenditure at Nasik with a view to its reduction to a scale commensurate with India's needs and capabilities.

(iii) The scales of pay for many of the posts in these Presses appear to us unduly liberal. The annual increment of Rs. 200 in the case of the Master's post has its parallel only in the case of the two posts of Mint Masters on which it was presumably based; this incremental scale is exceptionally liberal. Many of the officers get not only the pay proper but also special pay and free quarters or compensatory allowances in lieu thereof. Whenever accommodation is provided at the public expense, we understand, it is on an unduly expensive scale. While we propose to deal with questions of pay at a later stage, we recommend, in accordance with the plan we have followed so far, that the entire system of special pays and free quarters or allowances in lieu thereof should be abrogated. Nasik is a very healthy station not very far from Bombay and provides all the amenities of a district headquarters. We can see no reason why compensatory allowances should be given or accommodation provided free. Rent should therefore be charged.

(iv) We have examined the "Civil" and the "establishments" lists. The staff appears to us to be excessive and confirms our *prima facie* impression that the management is not as economical as it might be and manufacturing costs are unduly high. We would in any case have recommended some reduction of the staff. But we take note of Government's decision to re-issue 25 per cent. of the currency notes received back into the currency offices instead of destroying them. We recommend that the supervisory staff—both officers and others—at Nasik should be reduced by 25 per cent. and the operative staff should be reduced as indicated in para. (5) below.

In this connection we are told that the present Master's extension is due to expire a year hence. We observe that as regards the normal "day to day" working neither Mint has a Deputy Master. We recommend that on the same analogy the Nasik Presses should, when the present Master retires, have no Deputy Master. The next highest officer can take charge when the Master is out of the station and he can officiate for the Master when the latter is on leave.

(v) The general fall of prices should also enable some economy, say 1 per cent., to be effected in the expenditure on stores and materials.

(5) *Summary of savings.*—Our proposals will yield savings of about 1 lakhs on the two Presses. But so far as the budget position of 1932-3 is concerned, there will, on the whole, be a deterioration to the extent of about .25 lakh, as explained below separately for each Press.

(a) *Currency Note Press.*

On the “forecast” figures for 1931-32 we think, the gross expenditure should be reduced by about 3.25 lakhs, including a reduction of 25 per cent in all supervisory charges. In this way we estimate that the reduced outturn will still yield a “profit” of about a lakh, which will improve the budget position by this amount as compared with the figures used by us in Chapter XIV on the Currency grant.

(b) *Security Printing and Stamp Depot.*

We consider that a 25 per cent. reduction of supervisory charges should be brought about, and steps should be taken to bring the “carry-over” of stocks to a minimum. The “off-take” for 1932-33 seems likely to be below the normal of recent years. We anticipate a gross “turn-over” of about 16 lakhs, and a gross “profit” of about 4 lakhs. Taking interest charges into account, the net “profit” seems likely to be about a lakh, resulting in a deterioration of the budget position by about $1\frac{1}{4}$ lakhs.

CHAPTER VI.

GRANTS NOS. 27 TO 42.—GENERAL ADMINISTRATION.

(1) The following are the various grants for General Administration :—

- (i) the Staff, household and allowances of the Governor General.
- (ii) the Executive Council.
- (iii) the Council of State.
- (iv) the Legislative Assembly and Legislative Assembly Department.
- (v) the following regular departments of the Government of India viz., (a) Foreign and Political, (b) Home, (c) Legislative, (d) Education, Health and Lands, (e) Finance, (f) Commerce, (g) Army and (h) Industries and Labour.
- (vi) the Reforms Office.
- (vii) the following attached offices, viz., (a) Public Information Bureau (b) Intelligence Bureau, (c) the Public Service Commission, (d) Central Board of Revenue.
- (viii) Payments to provincial governments for their "agency" work on behalf of the Government of India.
- (ix) Separation of accounts from audit (in part.)

(2) In the first part of our Interim Report we have already dealt with grants Nos. 28—Executive Council, 32-B—Bureau of Public Information 32-C—Intelligence Bureau and 41—Central Board of Revenue. By mutual agreement between the Army Sub-Committee and the General Purpose Sub-Committee the Army Department and Military Finance were left to be dealt with by the former. As regards the Foreign and Political Department we intend to take it up at a later stage of our enquiry. The grant relating to the Separation of Accounts from Audit was, *ab initio*, within the purview of the Public Works, Accounts and Audit Sub-Committee. All the remaining grants under General Administration will be dealt with in this chapter.

(3) We have explained each grant separately. Wherever possible, we have given some historical, statistical and other information. Owing to the pressure under which our work has had to be performed we have not found it possible to work out adjusted and fairly comparable statistics showing the growth or decline of the staff and expenditure of each department and office nor to trace in a comprehensive manner and in fair detail the various changes relating to the organisation and work in the Secretariat as a whole. Some information relating to this will, however, be found in Chapter I and in the individual grants.

(4) The only other matter to which we would refer here is the question of savings on account of our *proposal relating to the Delhi-Simla move. These have had to be worked out for the Secretariat as a whole rather than for each individual department or office.

Our proposal was that Government should take the necessary steps so that Secretariat departments could be left in Delhi all the year round, and the pending measures to render Delhi suitable for the accommodation of the Secretariat and attached offices and their staffs as many offices as possible, particularly the attached offices, should be left permanently at Delhi or at Simla.

*Paragraph 19, Chapter I, Part I of our Interim Report.

We have not had the detailed information, nor even the time, necessary to enable us to propose in every case whether a particular office or branch of an office should remain at Delhi or at Simla, or should remain migratory as at present. In certain specific cases, however (e.g., the Public Service Commission, the Imperial Council of Agricultural Research Department, the Archaeological Department), we have definitely proposed their permanent location at Delhi. We also understand that in one case, *viz.*, the Indian Stores Department, Government have already issued, or intend to issue, orders to that effect. Provisionally therefore we have accepted the view that it would be reasonable to assume that taking the Secretariat and such of its attached offices as are under our purview, as a whole, one-third would on our proposals remain permanently at Delhi, one-third permanently at Simla and only the remaining one-third would continue for the present to be migratory. In the case of the staff of offices permanently located at Delhi or at Simla we recommend that house-rent and other allowances paid to ministerial officers should be examined and we consider that the present provision of 1.39 lakhs could be reduced by 20 per cent. This might be done by a revision of the existing code regulating such allowances. Further, on our hypothesis one-half of the provisions for hill journey allowances and hill journey charges would become unnecessary in 1932-33 and two-thirds with effect from a future date when Government find it practicable to work up to the provisional scheme contemplated by us.

In the absence of uniform details on the respective grants we have had, in some cases, to make our own estimates of what the present provisions are. In some cases we have left them unadjusted. The calculation is therefore approximate.

We may also add that we have left out the Army Department, since we have held that its problems including the question of locating it permanently at Delhi or Simla or keeping it migratory are not within our purview.

The following table shows the existing provisions for House rent and other allowances (Col. 1), Hill journey allowances (Col. 2) and Hill journey charges (Col. 3) and the approximate savings we estimate :—

	Rs.	Rs.	Rs.
Legislative Assembly Department	15,700	29,600	5,000
F. and P. Department	21,000	68,200	4,600
Home Department (Secretariat)	10,700	35,800	6,800
Director of Public Information . . . . .	..	1,000	1,000
Intelligence Bureau	16,000	10,000	5,500
Reforms	5,000	..	3,000
Public Service Commission	1,000	9,000	1,500
Education, Health and Lands Department <i>minus</i> Records.	9,000	52,000	6,000
Legislative Department	10,000	31,100	5,000
Finance Department (O. B.)	10,000	59,500	4,000
Commerce Department	9,800	34,000	2,600
I. and L. Department	7,300	50,000	4,200
Central Board of Revenue	23,700	..	10,000
Total	1,39,200	3,80,200	59,200
Ratio of savings	$\frac{1}{5}$	$\frac{1}{2}$	$\frac{1}{2}$
Amounts of savings (in lakhs) . . . . .	.28	1.90	.30
Total savings (in lakhs)	2.48		

GRANT NO. 27.—STAFF, HOUSEHOLD AND ALLOWANCES OF THE GOVERNOR GENERAL (15·26 lakhs).

(1) *Explanation of expenditure and its variations.*—The expenditure on the Governor General's salary and sumptuary allowance and other heads has grown or decreased as below (the figures are in lakhs of rupees) :—

	1913-14.	1921-22.	1924-25.	1929-30.	1930-31.	1931-32.
Salary	2·51	2·29	2·51	2·51	2·51	2·58
Sumptuary allowance	·21	·40	·40	·40	·40	·40
Contract allowance (unaudited)	1·12	1·30	1·42	1·52	1·73	1·63
Motors and Conveyances (unaudited) . . . . .	..	·30	·30	·38	·42	1·41*
Private Secretary and his establishment	1·20	3·06	2·36	1·81	2·15	1·93
Military Secretary and his establishment	2·10	2·20	2·66	2·91	4·05	3·11
Tour Expenses	4·14	4·58	4·12	4·78	3·42	4·21
English charges on stores . . . . .	..	..	..	..	·12	..
Total	11·28†	14·13	13·77	14·31	14·79	15·26

The cost of some Viceregal establishments, *viz.*, band, bodyguard and personal staff is borne on the Army estimates. In addition, some expenditure is incurred in England, the figures for which cannot be separated from outlay debitable to other minor heads of "General Administration".

Variations of expenditure since 1924-25.—(i) Contract allowance has gone up by ·21. This is largely due to the occupation of the New Viceregal House at New Delhi.

(ii) The maintenance of gardens is costing ·21 more than in 1924-25. This growth of expenditure is due partly to the transfer of ·09 from civil works and partly due to the occupation of the Viceregal House at New Delhi.

(iii) An increase of ·09 is due to the fact that customs duty is now levied on stores meant for the Viceregal household ; they used to be admitted free in 1924-25.

(iv) Tour expenses are a fluctuating charge.

(v) Postage and telegram charges have gone down by ·40 and the aggregate effect of the variations of expenditure on minor items is to increase the expenditure by ·23.

(2) *Establishments.*—Apart from the staff borne on the army estimates (*viz.*, the band, bodyguard, Military Secretary and the personal staff) the Viceregal staff is divided into two branches controlled by the Private and the Military Secretaries respectively.

The Private Secretary's is the smaller branch and consists of a Private Secretary (I. C. S. scale *plus* a duty allowance of Rs. 250—the present incumbent is not an I. C. S. officer), an Assistant Private Secretary (800—40—1,200) and a Registrar (600—40—800). The establishment in this branch consists of 15 ministerial and 28 servants.

* Includes the inaugural grant of 1·06 lakhs for motor cars.

† In the Inchcape Report the figure is 10·63 lakhs.

The officers under the Military Secretary's control are a Comptroller of the Household (1,500—1,700), a Surgeon (1,850), a Superintendent of the Gardens (600—750), an Assistant Surgeon (500—900), a Personal Assistant (900—1,000) and a Registrar (600—800). The establishments in this branch consist of 20 ministerial, 39 servants, 26 medical and 8 for the gardens.

The following table analyses the estimated 1931-32 expenditure in each branch :—

	Pay of officers.	Pay of Establishment.	Allowances.	Presents and charities.	Postage, etc.	Supplies and Services.	Gardens.	Other contingencies.	Passages.
(i) Private Secretary .	·47	·70	·16	·04	·45	..	..	·10	·01
(ii) Military Secretary .	·83	·89	·25	·06	..	·22	·68	·11	·01

(3) *Savings offered.*—(i) The Private Secretary has offered to abolish the posts of Senior Assistant and Treasurer (pay Rs. 450) and one stenographer. The resulting saving including that on allowances is estimated at about Rs. 15,000.

(ii) The Military Secretary has agreed to the following reductions, the savings being shown in brackets :—

- (a) Abolition of a post of Registrar (·10); (b) Supplies and Services (customs duty on stores) (·01); (c) Contract allowances (·06); (d) State conveyances (1·15) and (e) Tour expenses (·21), but the offer under (e) is provisional.

Of the reduction of 1·15 under State conveyances 1·06 is due to the omission of the inaugural grant provided in the current year, and ·09 is the permanent saving offered on two items, *viz.*, (i) six carriage horses that were previously maintained for use in the State carriages have been transferred to the Bodyguard which was short of establishment by over six horses. Thus, the maintenance, while in no way increasing the Army Department expenditure will not be a charge against State conveyances and motors. The saving under this head is Rs. 4,000. (ii) The reduction of five posts in the Viceregal stable and of one post of European chauffeur will result in a further saving Rs. 5,000.

His Excellency the Governor General has also decided upon the reduction of the number of the A.-D.-Cs. from 6 to 5 and to effect a further reduction of 4 if experience of the Delhi and Calcutta seasons shows such reduction to be practicable. The saving, however, accrues in the military and not the civil estimates.

(4) *Our proposals.*—We greatly appreciate the savings spontaneously offered by His Excellency the Governor General and recommend that they be accepted.

(5) *Summary of savings.*—1·68 lakhs. Of this ·40 lakh is in the nature of a genuine permanent saving.

GRANT NO. 29.—COUNCIL OF STATE (1·55 lakhs).

(1) *Administration*.—The administration of the Council of State is in the hands of the Legislative Department and except for the pay (Rs. 4,250 p. m.) and allowances of the President, the travelling and other allowances of members and contingencies the expenditure on account of the Council of State is charged to grant No. 34 relating to the Legislative Department.

(2) *Establishment*.—The Personal Assistant to the President and the Editor of Debates are exclusively employed on Council of State work. The Legislative Department contends that the other staff substantially employed on Council of State work consists of one Superintendent, two Assistants and one clerk, and that their work is equivalent to one or, at the most, two full-time ministerial posts.

(3) *Expenditure and its variation (in lakhs) :—*

—	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
(a) Pay of President.	·55	·51	·54	·51	·52	·51	·51	·51	·51	·51	·51
(b) Members' allowances and other expenditure.	1·68	1·24	1·29	1·55	1·20	1·26	1·30	·79	1·02	1·29	1·04
Total	2·23	1·75	1·83	2·06	1·73	1·77	1·81	1·30	1·53	1·80	1·55

Fluctuations of expenditure are due mainly to the length of the sessions and the extent of members' attendance. The average duration of the sessions per year during the last three years has been 53 days at Delhi and 13 days at Simla. It should be remembered that members of the Council of State used to receive greater privileges than members of the Legislative Assembly in the matter of allowances.

(4) *Departmental Proposals*.—A resolution adopted recently by the Council of State recommended that the Members' privileges, as regards the scale on which (i) travelling allowances and (ii) the length of the period before and after a session of the Council for which daily allowances can be claimed, be assimilated to those of members of the Legislative Assembly. The department have accordingly proposed to effect savings to the extent of Rs. 12,800.

(5) *Our proposals*.—We have considered the question whether the whole-time post of a President for the Council of State could be abolished. The department have urged certain reasons against the tentative suggestion made in our questionnaire that an official of the necessary standing, say, the Hon'ble the Law Member, might be appointed to act as President during the period of the Council's actual session. We quote the question and the department's reply in extenso :—

Q.—So long as the present practice of appointing an official as President lasts, the feasibility of appointing an official of the necessary standing to act as President only during the period of actual sitting of the Council of State may be considered. Would it be constitutionally feasible, if necessary after modification of the law, for the Honourable the Law Member to preside over the Council of State's deliberations without any extra emoluments?

4.—“ Each of the two alternative suggestions contained in this question was carefully considered before the first President of the Council of State was appointed. The first alternative was found to be open to grave objection. In the first place, it was felt that to provide the Council of State with a purely occasional President who, from whatever source selected, could never fill a place in the constitution comparable with that of the President of the Legislative Assembly would involve a refusal to the Council of State of its proper equipment and would be wholly out of keeping with the part designed to be played by the Council in the working of the constitution. In the second place, it was felt that an official called upon temporarily to discharge the duties of the President of the Council of State and designed to revert on the conclusion of the session to an ordinary post in the service of Government could not possibly command that confidence in his independence which is the first requisite in a President of a legislative body.

The suggestion that the Law Member should be appointed to be President of the Council of State was rejected on even more compelling grounds. The powers of the President of the Council of State are precisely the same as those of the President of the Legislative Assembly. They correspond with the powers of the Speaker of the House of Commons, not with those of the Lord Chancellor in presiding over the House of Lords, and are of such a nature as to render it manifestly improper that the office of the President of the Council of State should be filled by the Law Member or by any other Member of the Government. In amplification of this objection it should be observed that the Law Member must necessarily be the principal spokesman of Government in the Council of State and in the Legislative Assembly alike on any question which raises primarily an issue of law, that the questions on which he is required to intervene in debate will often be highly controversial and that it would plainly be out of the question that a Member of Government compelled by his position as such to play a potentially controversial part in debate in both Houses should preside over the Council of State.

The objections to the second alternative remain decisive. They do not arise out of the provisions of the Government of India Act and could not be removed by an amendment of that Act which would be compatible either with the existing constitutional position or with the contemplated constitutional position. The objections to the first alternative retain their full weight, but might not attach in an insuperable form to the permanent appointment to be President of the Council of State, in addition to his own duties and without extra emoluments, of an official so situated in his existing capacity as to possess the necessary independent status, provided always that the qualifications required for his permanent appointment were such as to render him suitable to hold the appointment of President of the Council of State. If, *e.g.*, the services of the Chairman of the Public Service Commission could be made available for the purpose—a point which is not within the purview of this department and with reference to which it has addressed no inquiry to the Department concerned—the appointment of the incumbent for the time being of that office to be President of the Council of State might afford an acceptable solution. It will of course be realized that in any event no change can be made until the existing President vacates his office.”

We have considered the counter-suggestion thrown out by the Department, but it does not appear to us to be acceptable. The constitutional objections urged against our suggestion regarding the Hon'ble the Law Member do not sound convincing to us. We note in this connection that the House of Lords

is presided over by the Lord Chancellor—a member of the British Cabinet. Should there be any legal objection against the arrangement proposed by us, it should be removed by a suitable amendment of the law. Nor do we see any force in the objection that the Hon'ble the Law Member is at times required to take part in debates in the Legislative Assembly, for we note that ordinarily he is appointed *ex-officio* member of the Council of State and not of the Legislative Assembly. Further, there is no reason why, as in the case of some other departments, the Secretary to the Legislative Department or other suitable official should not be able to discharge such duties in the Legislative Assembly.

Since the pay, etc., of the President amount at present to over half a lakh of rupees, and the duty is light and for a short period, we urge that no mere legal or technical objection should be allowed to stand in the way of an obvious measure of economy. We recommend definitely that the Hon'ble the Law Member should act as President of the Council.

(ii) The department's offer of .13 on account of the reduced provision for the allowances of members may be accepted.

(6) *Summary of savings*.—Rs. 52,400 *plus* 12,800 = .65 lakhs.

DEMAND NO. 30.—LEGISLATIVE ASSEMBLY AND LEGISLATIVE ASSEMBLY
DEPARTMENT (8·29 lakhs).

(1) *Functions*.—All business connected with (i) the duties imposed on the Secretary of the Legislative Assembly by the Rules and Standing orders for the conduct of business in the Legislative Assembly and (ii) the proceedings of the Legislative Assembly.

(2) *Organisation*.—*Officers*.—Apart from the whole-time President (pay Rs. 4,000) and a Deputy President (pay Rs. 1,000) for four months, the staff consists of a Secretary (pay Rs. 2,500—3,250), a Deputy Secretary (pay Rs. 1,500—2,000), an Assistant Secretary, two Superintendents and a Watch and Ward Officer for three months. Establishment consists of 53 " Reporters, Assistants, and clerks " and 34 servants.

(3) *Expenditure*.—

1929-30.	1930-31.	1931-32.
(Actuals.)	(Budget.)	(Budget.)
7·36	8·29	8·29

The Department was created on the 10th January 1929 and comparison with earlier years is not possible. Notwithstanding the accrual of increments to the staff the provision for the current year is the same as the budget estimate for last year owing to the fact that contingencies have been reduced from Rs. 61,000 to Rs. 48,000.

(4) *Department's proposals*.—No savings have been proposed except that the Department would be prepared to lend the services of such of its clerical and reporting staff as could be spared during the non-session periods for work on committees and conferences and in the regular departments of the Secretariat.

(5) *Our proposals*.—(i) Following our general plan for the reorganisation of work in the Secretariat offices we think, there should be only two officers, viz., a Secretary and an Under Secretary. The present Assistant Secretary can be given the rank of an Under Secretary without extra emoluments. The present Deputy Secretary's post is only temporary and should be abolished as soon as he has had sufficient training and experience to fill the Secretary's post. The two posts of Superintendents should be abolished and a Registrar's post should be created in their place. Branches should be placed in charge of Assistants—in this case only one—who should be paid Rs. 50 p. m. for this work.

(ii) We further think that the establishment should be reduced by five ministerial and five servants' posts.

(iii) Miscellaneous contingent expenditure should be reduced by ten per cent. so as to save Rs. 4,800. The watch and ward staff should be substantially reduced.

(iv) In our opinion the present rule permitting the drawal by members of the Legislative Assembly of the cost of haulage of a motor car irrespective of its amount needs revision. We think a limit of Rs. 500 in all for both journeys—outward and return—should be imposed.

(v) We note that with a few exceptions the members of the Legislative Assembly have expressed themselves against any reduction in the members' allowances. We therefore make no recommendation on this subject.

(vi) On the above specific proposals and by the application of our general¹ recommendations we estimate that there will be a saving of about .41 lakh in 1932-33 and of about .70 lakh in the first year after the Deputy Secretary becomes Secretary. Savings on hill journey and house-rent allowances and hill journey charges have been dealt with for the Secretariat as a whole.

(vii) When the new constitution is inaugurated, the Legislature may need more staff. We are, however, keeping this contingency out of our calculation for the present, and think that the arrangements proposed by us should continue till then.

DEMAND NO. 32.—HOME DEPARTMENT (60·2 Lakhs).

(1) *Functions*.—This department deals with all business connected with Internal Politics, Law and Justice, Police, Jails, the Indian Arms Rules, the Indian Civil Service, the Minor Administrations of Delhi, Andamans and Coorg, Registration, Naturalization of Aliens, Lunatic Asylums, Escheats and intestate property, European Vagrancy and Census. The scope of the Department has remained practically unaltered since 1921 except that certain subjects like police, jails, law and justice have become provincial subjects, mostly reserved. The Home Department are also in administrative charge of the Calcutta High Court.

This department, however, has three attached or subordinate offices under its administrative control, *viz.*, the Bureau of Public Information, Intelligence Bureau and the Public Service Commission. Though the budget of the Reforms Office appears in that of the Home Department in the 1931-32 grants and it performs functions which ordinarily belong to, and were performed formerly by, that department, it is now a separate office.

(2) *Organisation*.—The department is manned by a Secretary, a Joint Secretary, a Deputy Secretary and an Under Secretary, two Assistant Secretaries and six Superintendents. The establishment consist of 68 ministerial and 68 servants.

In addition to the above staff there is an officer on special duty with the necessary establishments engaged on work connected with the recently promulgated Civil Services (Classification, Control and Appeal) Rules.

(3) The expenditure and staff of the Home Department have grown as shown below :—

	1913-14.	1922-23.	1924-25.	1931-32.
(i) Expenditure . . .	3·24	6·22	5·79	6·02
(ii) Staff—				
Officers . . .	4	9	7*	6*+1 O.S.D.
Superintendents .	—§	6	5	6
Assistants and clerks .	51†§	65†	62+3‡	68+8‡
Servants . . .	57†	69†	60+4‡	68+15‡

(4) *Department's proposals*.—The Home Department has offered to abolish one Assistant Secretary and (i) also a Superintendent, an Assistant and two clerks, and to replace these posts by those of routine clerks. The abolition of four posts of peons has also been offered. The total net saving contemplated amounts to Rs. 34,560. The Department has also offered to effect a permanent cut of Rs. 17,700 in contingencies. Taking into consideration other reductions, the total saving offered is 52 lakh.

*Exclusive of officers employed in the attached offices who carry on the work of the Home Department.

†Not known if this includes temporary men or not.

‡Temporary.

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(5) *Our proposals.*—(i) We think, a Secretary, a Deputy Secretary and an Under Secretary are sufficient. The posts of Assistant Secretaries and Superintendents should be abolished and be replaced by one post of a Registrar for the entire office.

(ii) After weighing the pros and cons we think that the establishments both ministerial and inferior can be reduced by 8 per cent. and contingencies by 10 per cent.

(iii) On our proposals the net savings will be 1·52 lakhs. The savings on house-rent and hill journey allowances and hill journey charges have been accounted for under the Secretariat as a whole.

GRANT No. 32-D.—REFORMS OFFICE (2·34 Lakhs).

(1) *Organisation*.—This office was set up in May 1930 for five months in the first instance, to deal with the problems of constitutional reform arising out of the report of the Indian Statutory Commission. Extensions were sanctioned subsequently and are due to expire on 29th February 1932.

It has a Reforms Commissioner of the status of a Secretary to Government, a Joint Secretary, a Deputy Secretary, an Assistant Secretary and a Superintendent. These officers are paid on the usual Secretariat scales. The establishment at present consists of 5 Assistants, 6 clerks, 2 stenographers and 17 servants.

(2) *Cost*.—The budget provision for 1931-32 is 2·34 lakhs as below :—

Pay of Officers.	Pay of Establishments.	Allowances, etc.	Contingencies.	Passages.
1·37	·54	·11	·30	·02

(3) *Departmental proposals and action for economy*.—At first the Reforms Office offered to accept the following lump cuts, viz., ·15 in pay of officers, ·06 in pay of establishments and ·02 in contingencies. The ministerial establishment and one of the two daftaries get 20 per cent. for work in this "special" office, and the Reforms Office presumed that it would either be retained or reduced on grounds not peculiar to its work.

When the Joint Secretary was absent from India from 26th September 1930 to 21st February 1931 in connection with the Round Table Conference, the vacancy was not filled. During his absence from 15th August 1931 till 15th January 1932 also it is going to remain unfilled, and when he comes back it is proposed to keep the Deputy Secretary's post unfilled. Besides, three posts of Assistants are also kept vacant at present.

The other officers meanwhile expect to remain fully occupied with constitutional and administrative work arising out of the proceedings of the Round Table Conference and any Committees which may be set up or be in progress in India in pursuance of the recommendations of the Round Table Conference. The requirements of the Reforms Office after the Conference and Committees are over cannot be foreseen.

Subsequently, however, the Reforms Office has offered to relinquish the post of Deputy Secretary, to continue to leave unfilled a post of an Assistant and to retrench two other posts of Assistants. It also proposes to cut out a major part of the provision of Rs. 7,600 for the payment of deputation allowance of 20 per cent. of pay to some of its staff. The total savings offered amount to about Rs. 43,000.

(4) *Our proposals*.—(i) Considering the standing in the I.C.S., of the officer holding the post of Joint Secretary, we can see no reason why the Reforms Office should offer to relinquish the post of Deputy Secretary and not that of the Joint Secretary. We recommend that the Joint Secretary's post should be abolished.

(ii) On our usual plan the Assistant Secretary's post should be abolished and the Superintendent's should be converted into that of a Registrar. The Reforms Office's offer to retrench certain ministerial posts should be accepted.

(iii) Contingencies may be reduced by 10 per cent.

(5) *Summary of savings*.—On our proposals and on those of the Reforms Office relating to the reduction of establishment the savings in this office will be at least ·70. The savings on hill-journey and house-rent allowances and hill-journey charges have been accounted for under the Secretariat as a whole.

GRANT NO. 33.—PUBLIC SERVICE COMMISSION (3·66+·64=4·30 Lakhs).

1. *Functions*.—The Public Service Commission was set up with effect from 1926-27 under section 96 (C) of the Government of India Act, 1919. The functions of the Staff Selection Board were then absorbed into the wider functions assigned to the Commission. These relate to (A) Recruitment, (B) Disciplinary cases, and (C) Other service matters. For a précis see appendix II (pages 72-73).

2. *Organisation*.—The Commission consists of five members, of whom one is Chairman, appointed by the Secretary of State in Council. The Chairman's pay is Rs. 5,000 and an ordinary member's pay is Rs. 3,500. The Secretary to the Commission gets a special pay of Rs. 400. The establishment consists of a Superintendent and 22 assistants and clerks, all on the attached office scale, and 27 servants. There is also a small provision of Rs. 400 for temporary establishment.

3. *Cost*.—The Staff Selection Board used to cost a little over Rs. 10,000 a year. The following table shows the cost of the Public Service Commission and that of holding examinations* (in lakhs) :—

	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
Pay of officers .	1·23	2·50	2·58	2·56	2·464	2·508*
Pay of establishments	·13	·33	·47	·53	·527	·505
Allowances, passages, etc.	·40	·66	·69	·33	·339	·372
Contingencies .	·25	·25	·26	·20	·210	·185
Total .	2·01	3·78	4·00	3·62	3·54	3·66
Cost of examinations*	..	..	..	·55	·55	·64

*Transferred to Grant No. 69-B "Miscellaneous Departments" since 1929-30.

It will be seen that the pay and allowances of the staff, particularly the officers, absorb a large proportion of the grant.

4. *Departmental proposals*.—The Commission at first offered for the year 1931-32 a reduction of expenditure to the tune of Rs. 43,300, viz., Rs. 26,800 on the pay and leave salary of members, Rs. 8,000 under allowances, Rs. 4,500 on the pay and allowances of the establishments and Rs. 4,000 under "Examinations". These were mostly of a temporary nature. Permanent reductions of (a) Rs. 12,600 including Rs. 2,000 on the pay of establishments, Rs. 6,000 under allowances and Rs. 4,500 under contingencies, and (b) Rs. 14,000 under Examinations have been offered subsequently. Home Department has further offered to examine the question whether the number of Members should be reduced to four "as soon as circumstances on the Commission permit".

5. *Our proposals.*—(i) We may first draw attention to the relevant remarks and proposals of the Simon Commission,* the Government of India† and the Minorities‡ and Services§ Sub-Committees of the Round Table Conference. The Public Service Commission occupies a position of such importance, both actual and potential, in the political development of India, that we have no hesitation in endorsing the unanimous view that it must be maintained. We also think that the scope of recruitment through the Public Service Commission under Functions Rule 8, *i.e.*, for Central Services, Class II, and for special posts, should be extended. We further hold that in the interests not only of economy but of public service the Government of India should utilise the agency of the Commission, more than they do at present, in connection with service questions. This was one of the recommendations of the Lee Commission, who in paragraph 30 of their report, said that they were confident that the Public Service Commission would become in course of time the recognised expert authority in India on all service questions. We also endorse the remark of the Public Service Commission that in “most matters of importance with which the Public Service Commission deal, it appears to them, as far as they can ascertain, that after the matter has been more elaborately considered by the five members of the Commission, it is reconsidered *ab initio* in the Government offices”. We remark that such a procedure entails waste of public time and money and is further likely to conduce to inefficiency. We should also like the Government of India to persuade some local Governments which do not at present sufficiently utilise the services of the Commission to do so. We note that the United Provinces Government already do so for their Provincial Civil (executive) and Police Services. It is true that the Punjab Government contemplate the establishment of a purely provincial commission. We would never, like the Government to explain the position to that Government particularly from the point of view of economy.

(ii) The maximum number of members *permitted* by Section 96-C of the Government of India Act, 1919, is five. The actual number has, *ab initio* been five; in fact, the Lee Commission had recommended the appointment of the maximum number. That this number has not been determined by the nature or amount of work but by other considerations is clear from the extract from the Public Service Commission's and the Home Department's replies to our questionnaires; we have printed them as appendix I (pages 70-71).

The Madras Services Commission consists of a Chairman and two members. According to the Bill introduced in the Punjab Legislative Council, the Punjab Services Commission is to consist of a Chairman and not more than two members. The British Commission consists of a Chairman and two Commissioners, one of whom acts also as Secretary. The South African and Canadian Commissions are believed to have only one member and the Australian Commission two.

We agree that it is desirable to avoid any action which is reasonably likely to disturb the confidence of the members of the Services (whether European or Indian) in the Commission, and propose therefore to examine the position in some detail.

*Paragraphs 336-339, pages 294-295 of the Report (Volume 2).

†Paragraphs 203 to 211, pages 182-189 of the Despatch on proposals for Constitution reform.

‡Paragraph 13 of the Report of this Sub-Committee (page 158 of Volume III of the Proceedings of the Indian Round Table Conference).

§Paragraph 5 of the Report of the Services Sub-Committee (page 252 of Volume VI of the Proceedings of the Indian Round Table Conference).

Firstly, the present Chairman is not due to leave before about the end of October 1932, and unless an Indian is specially selected to succeed him, his successor as Chairman will be a European. It should also be noted that the present recently appointed Secretary is also a European.

Secondly, the Lee Commission had emphasised the "importance of securing as members of the Commission men of the highest public standing who will appreciate the vital and intimate relationship which should exist between the State and its servants", and who will be "detached, so far as practicable, from all political associations". Accordingly and on that Commission's recommendation, the salaries were fixed at high levels corresponding, even in the case of members, to those considered adequate to attract suitable men for the posts of judges for the High and Chief Courts. The Commission states that "the experience of the last five years shows that the Indian and the European members of the Commission are equally anxious to do justice to the members of the services, whether European or Indian" and that "the Indian members of the Commission are as careful as the European members to do justice to European appellants. If the past is a safe index of the future, it is not unreasonable to hope that a majority of Indians on the Commission would not prove detrimental to the interests of European officers". We fully endorse the Commission's view contained in these quotations.

Thirdly, we observe that the obligation on the Governor-General-in-Council to consult the Commission in disciplinary cases is confined to (a) appeals under the Statutory Appeal Rules, (b) recommendations of removal or dismissal to, and forwarding of appeals under the Statutory Appeal Rules to the Secretary of State, and (c) questions whether service interests have been adversely affected by the abolition of any post or posts. In relation to memorials and to questions connected with the pay, allowances, pensions, leave rules provident and family pension funds and conditions of service generally there is no such obligation. In every case, whether there be an obligation on Government to seek the Commission's advice or not, *the Commission is a purely advisory body*; all matters of policy are reserved for the Secretary of State or the Government of India. Neither is bound to accept the Commission's advice and can reject it if the circumstances of the case justify such a decision.

Fourthly, we consider that the Indian members of the Commission are absolutely right in holding that "whatever may have been the attitude of the European members of the services on the eve of the Lee Commission, the work of the Indian members of the Commission during the last five years has largely allayed fears and removed doubts" and in believing that an Indian majority on the Commission will not be objected to by a large number of British officers.

Fifthly, we are loath to import racial considerations into the discussion of this question. But, since the only ground on which the Home Department as well as the two European members on the Commission hold that the European element should remain in a majority (whether numerical or effective with a European Chairman's casting vote) is in essence a racial one, we are constrained to accord our support to the view urged by the two Indian members that it is "not just and reasonable to have a majority of one race continuously for ten years". Even on this narrow ground we consider that the claim to an Indian majority for the next five years is not unreasonable.

Sixthly, at a time of such acute financial stress when Government have considered it necessary to place on the Indian taxpayer an unprecedentedly heavy burden of taxation, we cannot justify to ourselves the heavy cost of maintaining two members when admittedly they are not necessary for the disposal of the work. The claim to a European majority amounts, in essence

to a claim to "*extra-territoriality*" in service matters relating to Europeans. We are not at all sure that the services themselves have made any such claim. In any case, we cannot see any chance of public opinion in India tolerating such an attitude and we believe that the interests of the service will in the long run gain and not lose if no such claim is made by or for them.

On all these grounds we must reject the Home Department's view that the number of members cannot be reduced to below four, and must urge emphatically its reduction to three. We consider it advisable that in the composition of the Commission the interests of the different sections of the people and the services should not be lost sight of.

Our proposal will yield a saving of Rs. 84,000 per annum on the pay of two members and perhaps of Rs. 6,000 on leave salary, allowances, etc., *i.e.*, a total saving of about Rs. 90,000. We shall take account of allowances elsewhere and shall take only Rs. 87,000 as the possible saving from this proposal.

(iii) Our minor proposals for economy are :—

(a) We doubt if the Secretary need be given a special pay of Rs. 400. His duties (including the statutory duty of recording the Commission's decisions) though responsible, are more or less of a routine nature. The qualifications expected of him are knowledge of and experience in administration and expert knowledge of examination work. The post is at present held by an officer of the Indian Educational Service. We are not convinced that it is necessary to draw upon any of the Imperial Services for this post, and we think it would be sufficient to have a secretary of the status of Assistant Secretary to Government. In any case even if he continues to be drawn from an All-India Service, we hold that the special pay attached to the Secretary's post should not exceed Rs. 200. We may here observe that the special pay attached to the post of Secretary, Central Board of Revenue whose responsibilities are, if anything, greater than those of the Secretary to the Public Service Commission and who actually is Deputy Secretary to Government *ex-officio*, is Rs. 300, and that Deputy Secretaries in the provincial secretariats get a special pay of Rs. 200.

(b) The Home Department has offered to reduce the number of stenographers by two, but it contemplates that the Commission would consist of four members. In the light of what we have proposed we think that it is practicable to cut out three of the five stenographers. For the present, however, we recommend that the department's offer be accepted.

As regards the other ministerial establishment, we think an immediate reduction of expenditure to the extent of Rs. 10,000 per annum can safely be effected. We may add that an extra stenographer or two and half a dozen ministerial hands could be engaged on a temporary basis for about five months when there is something like pressure of work.

We also think that the Chairman and members should not get more than a Jamadar and a peon each and that the number of other servants should be reduced by four.

We estimate that our proposals in this sub-paragraph will yield a saving of about Rs. 17,000 per annum.

- (c) The provision of Rs. 500 for medical treatment may be reduced to Rs. 200. The provision of Rs. 18,500 for travelling allowance is admittedly high. The Chairman and members of the Commission are entitled to reserve first class compartments; we think this privilege should, in future, be confined to the Chairman, the other members being given a coupé compartment of two berths or when a coupé is not available, two first class berths.

The Commission agree that in the future touring will not have to be on the same scale as in the past. Home Department has suggested that the provision might be reduced to Rs. 8,500. In the light of our proposals the resultant saving should be more than Rs. 10,000. But, for the present we are content to accept the saving offered, *viz.*, Rs. 10,000.

We further hold that this office should be permanently located at Delhi. The provision for hill-journey and house-rent allowances should be deleted and that for other allowances should not exceed Rs. 3,000. In view of the fact that work in the hot weather is light, the privilege of recessing in the hills may be granted to the members of the Commission perhaps on a more liberal scale than in the case of other officers. So long as one member is available on the spot, we anticipate no serious difficulty about the disposal of work. We think it should be possible to save nearly the whole of the provision for hill-journey, house-rent and other allowances. But allowing for possible additional expenditure on travelling allowance, we estimate a net saving of about Rs. 13,000.

On our proposals the total saving on "Allowances, honoraria, etc." will be Rs. 24,300.

- (d) The provision for contingencies may be cut down from Rs. 18,500 to Rs. 13,000. Savings Rs. 5,500 against Rs. 4,500 offered by the department.
- (e) We agree that candidates for special posts called up for interviews and applicants for the posts of railway apprentices should continue to be paid travelling allowances. But we think that all candidates should be made to pay fees sufficient to put this part of the budget on a self-supporting basis. We therefore propose that this fee should be raised from Rs. 5 to Rs. 7-8-0. This will add about Rs. 2,500 to the receipts.
- (f) The Commission stated that the question of reducing the scales of fees for setting and marking of papers and supervising and invigilating at examinations as far as possible was under its consideration. An economy of Rs. 14,000 has since been offered. We recommend that the offer be accepted. We shall take account of this under Grant 69-B.

6. *Summary of savings.*—Our proposals will yield the following permanent reduction of expenditure on this grant :—

- (i) Abolition of two posts of Members, Rs. 87,000, (ii) Reduction of Secretary's special pay from Rs. 400 to an amount not exceeding Rs. 200 = Rs. 2,400. (iii) Reduction of at least two posts of stenographers, Rs. 7,000, (iv) Reduction of other establishments, Rs. 10,000, (v) Reduction of the provision for allowances, etc., Rs. 24,300, (vi) Contingencies, Rs. 5,500. Total, Rs. 1,36,200. (A saving of Rs. 14,000 on examinations is being taken account of under Grant No. 69, page 115.)

Besides, there will be additional receipts of about Rs. 2,500.

APPENDIX I.

Reference—Paragraph 5 (ii).

Q.—The Committee requests the Department to consider whether it is essential to have as many as five members including the Chairman and whether the volume of the Commission's work justifies this. Could not the members be reduced to three, *viz.*, a European, a Hindu and a Muhammadan? It asks whether it would be feasible to combine the duties of the Secretary and Member, as is understood to be the practice in England where also there are only two members?

A.—*Public Service Commission's reply.*

A.—It cannot be said that the volume of the Commission's work requires as many as five members and so far as the volume of work is concerned it could be done equally well with three Members, though the reduction would make it difficult to arrange for the representation of the Commission at the various provincial selection boards. But since the questions are decided by a majority of votes the advantages of fixing the strength of the Commission at three or five are obvious. The main functions of the Commission are to make that portion of recruitment for All-India Services and Central Services, Class I, which is made in India, and give advice in disciplinary cases and on service questions. These disciplinary cases generally consist of appeals preferred by members of the aforesaid services and such memorials presented by them as may be referred to the Commission. In regard to these appeals and memorials the Commission are a purely advisory body. If the number of members is reduced from five to three, *viz.*, one European, one Hindu and one Muslim, it is to be considered what effect it will have on European officers of the services. The experience of the last five years shows that the Indian and European members of the Commission are equally anxious to do justice to the members of the services whether European or Indian. The Indian members of the Commission are as careful as the European members to do justice to European appellants. If the past is a safe index of the future, it is not unreasonable to hope that a majority of Indians on the Commission would not prove detrimental to the interests of European officers. At the same time it will not be right to ignore the views of these officers and the majority of the Commission believe that however unreasonable this view may be, the proposal would disturb the confidence of European officers in the Commission. The Indian members consider that whatever may have been the attitude of the European members of the services on the eve of the Lee Commission, the work of the Indian members of the Commission during the last five years has largely allayed fears and removed doubts, and they believe that an Indian majority on the Commission will not be objected to by a large number of European officers. They further urge that it will not be just and reasonable to have a majority of one race continuously for ten years, and emphasize the reasonableness of having an Indian majority for the next five years. They are prepared to revert to the present constitution, *viz.*, three Europeans and two Indians, if the experiment of an Indian majority does not prove successful.

2. With regard to a possible proposal that there should be only four members, the Commission is working with only four members at present. It is not a very satisfactory arrangement, because it is likely to impose on the Chairman an obligation to exercise his casting vote. According to the views stated above, the normal strength of the Commission should be three or five members (including the Chairman). But as a pure measure of economy it might be possible to reduce the number of members to four, *viz.*, two Europeans and two Indians, till the period of financial stringency is over.

B.—Home Department's reply.

Some of the considerations to be borne in mind in deciding whether the number of members of the Commission could be reduced are stated in the Commission's reply. The main consideration is that the constitution of the Commission should be such as to command the confidence of the public and of those services with which the Commission are concerned—not merely of European members of those services, but of all members. It is also necessary that the Commission should be so constituted as to represent among its members various qualifications. There is, for instance, a statutory rule that at least two of the members shall be persons who have been for at least ten years in the service of the Crown in India. It is also desirable that there should be a member with educational experience. There are obvious reasons that render it necessary that there should be one Hindu member and one Mohammedan member. Practical considerations make it desirable that there should be an odd number of members. These various considerations were weighed by the Government of India and the Secretary of State in Council, when the Commission was under creation, and the conclusion then reached was that the most satisfactory Commission would be one of five members.

Apart from financial considerations, the Home Department are of opinion that the reasons for the conclusion then reached still hold good. In particular, they consider it of very great importance that on the eve of far-reaching constitutional changes the confidence of the services should be maintained and that changes should not be made which would seriously affect that confidence. Without a reference to local Governments they are not in a position to say with certainty how far a reduction in the number of members would affect the services, but they regard it as essential that, whatever the constitution may be, two members should have service under the Crown in India.

The Home Department recognise that financial requirements may make it impracticable to continue to satisfy all the conditions which it is desirable to secure and which have been secured in the past. They would, therefore, be prepared to examine the suggestion that the number of members should be reduced to four as soon as circumstances on the Commission permit. The saving effected by reducing one membership would be about Rs. 45,600 per annum, including savings on account of travelling and other allowances and on account of personal peons. They do not think that the number of members should be reduced below this, but, so far as circumstances permitted, they would be prepared not to make officiating appointments in leave vacancies while one member of the Commission was on leave. They can give no absolute assurance in this respect, because it might be necessary to replace a member on leave possessing special qualifications, by an officiating member with similar qualifications.

The Home Department are also prepared to take up in consultation with the Finance Department the question whether the pay of future members, including the pay of future Chairmen, could not be somewhat reduced. The question of the pay of the Chairman would probably depend on whether he were recruited in England or from the services in India. It would ordinarily be necessary to give higher pay in the case of the former than in the case of the latter, since no pensionary rights are attached to the Chairman of the Commission as such.

It will be, of course, understood that changes in the composition of the Commission or in the pay of the members are matters for the decision of the Secretary of State.

FUNCTIONS OF THE PUBLIC SERVICE COMMISSION.

A.—(1) *Recruitment to All-India and to Class I Central services.*

(i) To advise Government on any question connected with recruitment to an All-India Service or a Central Service, Class I, and referred to it.

(ii) In the case of recruitment by *competitive examination* :—to advise Government in regard to the regulations prescribing the (a) qualifications of candidates and (b) conditions of admission to, and the syllabus of, the examination, and to discharge certain auxiliary duties in this connection.

(iii) In the case of recruitment by *selection* :—(a) to advise Government in regard to the rules regulating the qualifications of candidates, to interview the candidates and perform other auxiliary functions, and (b) in cases of inadequate communal representation, to recommend candidates in accordance with Government orders. (Officers holding temporary posts can be confirmed by Government, consultation with the Public Service Commission being necessary only if the appointment in the temporary capacity was made with such consultation.)

(iv) In the case of recruitment by *promotion* to any permanent post in an All-India Service (other than the I. C. S.) or a Central Service, Class I :—to consider the claims of each nominated candidate and advise whether his qualifications are sufficient and his record satisfactory, and arrange the list in order of preference.

Exception.—(a) Officers holding H. M.'s Commission and (b) members of an All-India Service or a Central Service, Class I.

A.—(2) *Recruitment to Provincial Services, Central Services, Class II, and special posts.*

(v) Similar functions in regard to recruitment to any Central Service, Class II or to any special post, when so required by the Governor-General in Council.

(vi) The Commission *may*, subject to Governor-General in Council's approval, perform such functions in regard to recruitment to provincial services and special posts as the Local Government may invite it to undertake.

B.—*Disciplinary cases.*

(vii) The Governor-General in Council must consult the Public Service Commission (except when its advice has been given previously and no fresh question has arisen),

(a) before considering any appeal under the Statutory Appeal Rules against any order of censure, withholding of promotion or increments, reduction, suspension, removal or dismissal,

(b) before passing any original order withholding promotion or increment or of reduction, removal or dismissal.

[*Explanation.*—An order giving notice of the termination of a contract of employment in accordance with the terms thereof is outside the scope of (a) or (b) above.]

(c) before recommending to the Secretary of State in Council the removal or dismissal of any officer or forwarding an appeal made to him under the Statutory Appeal Rules.

(viii) The Governor-General in Council may consult the Commission in regard to orders on memorials by an officer of any All-India or Central Service.

(ix) The Governor, Chief Commissioner or the Local Government of any province may consult the Commission before passing any order of the kind specified in (vii) (a), (vii) (b) and (viii).

C.—Other Service matters.

(x) The Commission shall advise (a) the Governor-General in Council on any question connected with the pay, allowances, pensions, provident or family pension funds, leave rules, or conditions of service generally of an All-India or Central Service, which he may refer to the Commission and (b) any Local Government, if so requested by that Local Government.

(xi) The Governor-General in Council shall refer to the Commission for its advice all cases in which the question arises whether or how far the interests of any officer or class of officers of an All-India or a Class I Central Service have been adversely affected by the abolition of any post or class of posts.

(xii) The Commission shall advise the Secretary of State on any question which he may refer to it through the Governor General in Council.

GRANT NO. 34.—LEGISLATIVE DEPARTMENT (5·51 lakhs).

A.—*The Department proper* (4·68 lakhs).

(1) *Functions*.—This department is charged with all business connected with—

- (i) Legislation in the Indian Legislature ;
- (ii) Legislation in Local Councils ;
- (iii) Rules and Standing Orders for the conduct of business in the Indian Legislature except in so far as the said Rules and Standing Orders impose duties on the Secretary of the Legislative Assembly ;
- (iv) Rules for the conduct of business in the local Legislatures ;
- (v) the proceedings of the Council of State ;
- (vi) the publication, translation and supply to Government officers and the public of Acts of the Indian Legislature and Regulations under section 71 of the Government of India Act ;
- (vii) the nomination and election of Members of the Indian Legislature ;
- (viii) the preparation and publication of Codes other than Codes appertaining to provinces which have Legislative Councils, Statute Books, Digests, General Rules and Orders and other similar works ;
- (ix) Indian Law Reports ;
- (x) Un-official references for opinion from other Departments ;
- (xi) the duties of the Solicitor to the Government of India ;
- (xii) the League of Nations ; and
- (xiii) the Peace Treaties and the administrative control of the Clearing Office (Enemy Debts).

The Solicitor's branch will be dealt with separately except as regards cost, (*vide* paragraph 3) and some other similar matters.

(2) *Organisation*.—The Legislative Department proper has the following officers :—

A Secretary, a Joint Secretary and Draftsman (pay Rs. 3,000—4,000), a Deputy Secretary, an additional Deputy Secretary for five months, two Assistant Secretaries and two Superintendents.

The establishments consist of five Reporters (for the Council of State), one of whom is Editor of the Debates, 49 clerical (including two stenographers and the Personal Assistant to the President of the Council of State) and 42 servants. There is a total provision of Rs. 4,900 for temporary establishments

(3) Cost* (including Solicitor's branch) and its growth (in lakhs) :—

	1913-14.	1921-22.	1924-25.	1925-26.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
Pay of officers	1.96	2.78	2.54	2.71	2.97	2.95	2.61	2.42	2.53
Pay of establishments . . . . .	.74	2.50	2.81	2.96	3.11	2.99	1.84	2.02	2.14
Allowances and passage contributions . . . . .	.20	.65	.58	.64	.65	.58	.40	.44	.54
Contingencies . . . . .	.27	.85	.43	.45	.45	.35	.39	.33	.30
Translator's department . . . . .	.08	.06	.07	.07	.07	.07	.05	..	..
Total	2.35	6.84	6.44	6.82	7.24	6.94	5.29†	5.21	5.51

The office is divided into five sections as below :—

- (i) Council and General (A superintendent, 6 Assistants and 6 clerks).
- (ii) Publication (A Superintendent, 9 Assistants and 8 clerks).
- (iii) Printing (The equivalent of an Assistant and 3 clerks).
- (iv) Establishment (One Assistant and 2 clerks).
- (v) Issue, Record and Library (1 Assistant and 8 clerks).

The staff has varied as shown below :—

Staff on 1st April.	1914.	1922.	1924.	1928.	1929.	1930.	1931.
Number of superior officers	3	10	8	8	7	7	7
Assistant Secretaries, Superintendents, Registrars, etc.	4	8	5	5	4	4	4
No. of ministerial establishment	32	93	62	77	45	52	54
Number of servants	62	100	65+38	64	42	42	42

(4) *Inchape Committee's proposals.*—Out of the ten officers the Inchape Committee recommended that the posts of a Deputy Secretary, one other officer and one of the officers in the Solicitor's Branch should be abolished, saving .24, .20 and .15 respectively. Other reductions aggregating .49 lakh were also recommended.

(5) *Department's proposals.*—The Department has offered the following savings, viz., (a) omission of the provision for an additional Deputy Secretary next year and (b) a reduction of five clerical and four servants' posts. The savings amount to Rs. 42,700 but they do not all appear to be permanent.

* The cost of the solicitor's branch is included in the above figures; in 1931-32 it is estimated at .83 lakh.

† The drop from the peak attained in 1927-28 was due to the creation of the Legislative Assembly Department from 1st January 1929. •

(6) *Our proposals.*—(i) From the application to this department of our general recommendation as to the organisation of the Secretariat we estimate net savings as below :—

	Lakh.
(a) Abolition of the post of Joint Secretary and Draftsman including his passage contribution . . . . .	.40
(b) Abolition of two posts of Assistant Secretaries, two of Superintendents and reduction of the provision for voted leave salary . . . . .	.52
(c) 10 per cent. on other contingencies . . . . .	.03
(d) Deduction for one Under Secretary and one Registrar and for charge allowances to assistants in charge of sections . . . . .	.23

(ii) In the case of this department we also propose that eight ministerial posts should be abolished and one should be created for the disposal of the remaining work of the Local Clearing Office. Saving will be .26.

(iii) In addition, there will be a saving of .26 in the Solicitor's Branch (*vide* B below).

(7) *Summary of savings.*—·98 lakh in the department proper, and .26 in the Solicitor's Branch. A saving of .23 on account of hill-journey and house-rent allowances and hill-journey charges in this department has been accounted for under the Secretariat as a whole.

B.—Solicitors' Branch (·83 lakh).

Organisation.—This branch is manned by three officers, *viz.*, the Solicitor (on Rs. 3,000), the Second Solicitor (on Rs. 1,200—1,800 *plus* overseas pay of £13-6-8) and the Assistant Solicitor (on Rs. 1,000—1,200). The present Second Solicitor also gets a personal pay of Rs. 350 and a special pay of Rs. 250 for work connected with the Local Clearing Office. The Solicitor is due to vacate his post in March 1932. The establishment consists of 2 clerks and about half a dozen peons.

(9) *History.*—Up to 1919 solicitor's work used to be done for the Government of India by a Calcutta firm of solicitors, one partner of which was called the Government Solicitor. The actual cost of this arrangement in 1918—the last year of its operation—was Rs. 67,000. In 1919-20 Government decided to have a whole-time solicitor attached to the Secretariat. As the solicitor selected was a senior man, it was decided to give him an assistant. A little later, a second assistant was recruited to the branch. We understand that the idea was that the first assistant should replace the Solicitor and the branch should be reduced to two.

(10) *Cost.*—The estimated cost of this branch is .83 lakh and is included in the estimates for the Legislative Department.

(11) *Inchcape Proposals.*—The Inchcape Committee recommended that since a vacancy was likely to occur within a year "occasion should be taken to reduce the number of solicitors to two". The Department did not find it practicable to give effect to this recommendation immediately. In 1927, however, it proposed to abolish the Third Solicitor's post and he was sent away. But before the post was actually abolished, he was recalled.

(12) *Our proposals.*—(i) As stated in paragraph (2) a permanent staff of three men was not intended, and we are not satisfied that three men are required now. We observe that during the absence of one of the officers on long leave two officers have generally carried on the work of this branch. So far as we are aware, two officers are even at present carrying it on during the Second Solicitor's absence on leave for seven months. We therefore propose that the branch should in future consist of two officers. We are of opinion that the Solicitors' Branch requires one senior solicitor or barrister with considerable professional experience and not more than one other professional man to assist him. We therefore propose that there should be only two men and having regard to the policy, which we understand was laid down by Mr. Montagu, one of them should be a qualified Indian. In these circumstances the post that should go out is that of the Second Solicitor. We further suggest that one of the senior assistants in the Legislative Department should have the professional qualifications of a solicitor or barrister.

(ii) Since the ministerial staff consists of only two clerks, there is no scope for retrenchment there. But we consider that it is possible to reduce the number of peons by two.

(13) *Summary of savings.*—The savings will be Rs. 25,300 *plus* approximately Rs. 600 on account of the reduction in the average provision for passages *plus* about Rs. 400 for chaprasis. The additional saving of about Rs. 2,100 on account of this officer's overseas pay has been left out of account here.

GRANT NO. 35.—DEPARTMENT OF EDUCATION, HEALTH AND LANDS
(Rs. 8·18 lakhs).

(1) *Functions*.—All business connected with the administration of Education, Oriental languages, Records, Books and Publications, Reformatory schools; Archaeology and Epigraphy; Arts and Museums; Medical Institutions and the Civil Medical services exclusive of officers on the Political cadre; Medical research; Public Health; Land Revenue; Land Surveys, Land Acquisition and Alienation; Civil Veterinary Department; Agriculture; Famine; Co-operation; Forests and arboriculture; Central agencies for research or promotion of special studies; Botanical Survey of India; Zoological Survey; Food-stuffs; Administration of the Indian Emigration Act; Indians overseas within the Empire, in territories administered by any part of the Empire under a B or C mandate and in Surinam; and the Haj pilgrimage; cinchona cultivation and the supply of quinine; Imperial Library; local self-government in Berar and throughout British India except British Baluchistan and Ajmer-Merwara.

We shall deal first with the department proper and then with the office of the Keeper of Records.

A.—Department proper (6·98 lakhs).

(2) *Organisation*.—A Secretary, a Joint Secretary (temporary), an Educational Commissioner (Rs. 2,500—3,000), a Deputy Secretary, an Additional Deputy Secretary, an Under Secretary, an Assistant Secretary, and six Superintendents, 88 Assistants, clerks, etc., and 73 servants. There is also a provision of Rs. 5,000 for an Officer on Special Duty.

(3) *Growth of expenditure and staff—*

	1921-22.	1924-25.	1931-32.
<i>(i) Growth of expenditure.</i>			
Pay of officers	1·91	1·86	2·66
Pay of establishments	1·32	2·05	2·93
Allowances, etc.	·45	·64	·84
Grants-in-aid, etc. . . . .	..	..	·3
Contingencies	·51	·52	·51
Total	4·19	5·07	6·97
<i>(ii) Growth of staff.</i>			
Officers	9	9	14
Clerical staff	45*	73	83
Servants	61*	63	73

*Education Department alone to which was subsequently added in 1923-24 a part of the old Revenue and Agriculture Department.

(4) *Inchcape Committee's proposals*.—This Committee thought that, in view of the essential modification of the position of the Central Government *vis-a-vis* the provinces under the Reforms Scheme in respect of education and medical administration, there was little justification for the retention of the Educational Commissioner, the Bureau of Education, or the Central Advisory

Board or, indeed for the continuance of the Department as a separate entity. As a result of the regrouping of the subjects proposed by that Committee the whole Department of Education and Health emerged in the new garb of the Department of Education, Health and Lands.

(5) *Departmental proposals*.—The Department has offered various savings amounting to nearly .26 lakh in the Department proper and .24 lakh in the office of the Keeper of Records. A hope is held out that as a result of the examination of the office by an officer with office experience further savings might be possible.

(6) *Our proposals*—

A.—*The Department proper.*

(i) Following our general recommendations regarding the constitution of the Secretariat we recommend the abolition of the posts of Joint Secretary, Additional Deputy Secretary, Assistant Secretary and six Superintendents. A Registrar for the entire office with Assistants in charge of sections should take the place of the Assistant Secretary and the Superintendents.

(ii) The Educational Commissioner should be replaced by an officer of suitable standing in the Indian Educational Service, whose total emoluments should not exceed Rs. 1,500 per mensem.

(iii) We think, the establishment should in any case be reduced by 15 per cent. and contingencies by 10 per cent. We may note in this connection that in the case of this Department we have recommended the curtailment or transfer of certain activities.

(iv) On our proposals the gross savings will be 2.14 lakhs. After deducting .13 for the Registrar and for allowances to Assistants-in-charge, the net savings on the department proper will be 2.01. There will also be a permanent saving of .24 on the Office of the Keeper of Records. Besides there will be a saving of .34 on account of hill-journey and house-rent allowances and hill-journey charges. This has been accounted for under the Secretariat as a whole.

B.—*Office of the Keeper of Records (1.20 lakhs).*

(7) *Functions, organisation and cost*.—This office dates from 1891 and its primary duties are to (i) repair and preserve the records in its custody and to supply them (or information from them) to Government offices, and (ii) subject to certain limitations, render their contents accessible to the public for purposes of historical research. The office is in charge of the Keeper of Records (pay Rs. 1,300—40—1,500) who is also, *ex-officio*, Assistant Secretary to Government. The ministerial establishment of 33 (a Superintendent, clerks, etc.) is estimated to cost .62 lakh and the inferior establishment of 67 servants .19 lakh. There is also a provision of Rs. 1,400 for temporary establishment.

Work connected with the Historical Records Commission is done in this office, and the 1931-32 session of the Commission was estimated to cost Rs. 5,500. •

(8) *Growth of expenditure and of staff :—*

	1913-14.	1921-22.	1924-25.	1925-26.	1929-30.	1931-32.
<i>(a) Expenditure.</i>						
Pay of officers	·23*	·15	·16	·17	·18	·21
Pay of establishments	·49	·64	·71	·73	·82	·83
Allowances, etc.	·01	·04	·03	·02	·05	·04
Contingencies	·01	·04	·08	·08	·17	·12
Total	·74	·87	·98	1·00	1·22	1·20

b) Establishment.

Ministerial	33	33	33	33	33	33
Inferior	49	65	65	65	67	67

*There were two officers in 1913-14, one being an Assistant on Rs. 600—1,000.

(9) *Proposals.*—(i) There is only one officer and apart from the question of pay for the post, there is no saving possible on the “pay of officers”.

We must, however, remark that the pay is far too liberal even if the Education, Health and Lands Department's view, that it should correspond to the pay of a professor, be accepted. We shall make our proposals elsewhere.

(ii) We fully appreciate the value of the Historical Records Commission and the need for holding its meetings at intervals. But we are not so sure that it need meet at various centres, nor that an exhibition is necessary. In any case, we recommend that it should not meet in 1932-33.

(iii) As regards specific economies the Department have offered a reduction of ·24 lakh. We recommend that this offer be accepted, but this saving should be treated as a permanent saving and not as mere reduction of expenditure for the 1932-33 budget.

GRANT NO. 36.—FINANCE DEPARTMENT—ORDINARY BRANCH (7·44 lakhs).

(1) *Functions*.—(i) General Finance, that is to say —

- (a) the Public accounts and estimates ;
- (b) the Public expenditure ;
- (c) the Public Ways and Means, including loans to and from the Public Treasury ;
- (d) the management of the Public funds ;
- (e) Taxation ;
- (f) Provincial and local finance ; and
- (g) the borrowing of public bodies ;

(ii) Customs ;

(iii) Taxes on Income ;

(iv) Salt ;

(v) Opium ;

(vi) Excise ;

(vii) Stamps ;

(viii) Currency and Banking, that is to say—

(a) the Mints ;

(b) Coinage ;

(c) Paper Currency ; and

(d) the Imperial Bank of India and other Banks ;

(ix) Salaries and allowances, that is to say—

(a) the pay and allowances of public officers ;

(b) Leave to public officers ; and

(c) Pensions and gratuities ;

(x) The Civil Accounts Department, including Treasuries.

Army Finance and the Military Accounts Department are dealt with by a separate organisation under the control of the Hon'ble the Finance Member.

(2) *Organisation*.—*Officers*.—A Secretary, an Additional Secretary, a Deputy Secretary, a Budget Officer (Rs. 1,500—2,000), an Under Secretary, two Assistant Secretaries (Rs. 350—1,400 and special pay Rs. 250) ; one Assistant Secretary (on Rs. 1,000—1,250), and seven Superintendents. In addition there is at present a Joint Secretary.

Establishments.—90 Assistants, clerks and stenographers and 50 servants.

The posts of Additional and Joint Secretaries are temporary.

(3) *Growth of expenditure and staff.*—The following table shows the growth of expenditure and staff :—

1913-14, 1921-22, 1924-25, 1929-30, 1930-31, 1931-32,
Actuals. Actuals. Actuals. Actuals. Revised. Budget.

(i) *Expenditure.*

Pay of officers	1·70	2·70	1·89	2·33	2·94	2·87
Pay of establishment	1·49	2·22	2·09	2·89	3·04	3·29
Allowances, honoraria, etc.	·26	·52	·51	·74	·82	·83
Contingencies	·66	·81	·37	·51	·48	·44
Grants-in-aid . . . . .	..	..	..	·01	·01	·01
Total	4·11	6·25	4·86	6·48	7·29	7·44

(ii) *Numbers.*

Officers	12	12	12	13	15	15
Staff	61	55	59	76	90	90
Menials	49	43	42	48	48	50

(4) *Salient features.*—Prior to the Reforms this Department had to deal with provincial budgets as well ; in all important cases the sanction of the Government of India and of the Secretary of State was required.

The Reforms separated provincial from central finance and relieved the Finance Department of provincial finance work. It also got larger powers of expenditure sanction.

After the report of the Inchcape Committee, the Finance Department was relieved of (i) work connected with salt, opium and stamps, these subjects being transferred to the C. B. R. in its dual capacity as an administrative body and as the Central Revenues branch of the Finance Department, (ii) railway finance and (iii) Posts and Telegraphs finance. There has, all the same, been a considerable increase in the number of officers and other staff.

(5) *Savings offered.*—The Department's final offer consists of the following items :—

- (i) abolition of the following posts, namely, an Assistant Secretary, 6 Assistants, 7 posts in the second division ;
- (ii) reduction of Rs. 13,000 in the provision for temporary establishments.

Including corresponding savings in allowances and after making a deduction for special pay to the Chief Superintendent and an Assistant, the estimated savings amount to 75 lakh. The Department has further offered to consider the reduction of the status of the post of Additional Secretary to one of Joint Secretary, when the present incumbent vacates the former post.

(6) *Our proposals.*—Considering that the Finance Department was given considerable relief as stated in paragraph 4, we cannot accept the view that the present number of officers is the minimum with which the work can be carried on. Instead, however, of entering into a detailed consideration, we

propose that our usual plan should be applied to the Finance Department also. Instead of giving only one Deputy Secretary to the Finance Department, we would, however, give it two. We estimate that the savings on the abolition of the posts of Additional Secretary, Officer on Special Duty, Attaché, three Assistant Secretaries, seven Superintendents and the provision for leave salaries will be 1·67 lakhs. We think, the establishment can safely be cut down by 10 per cent. saving ·33 lakh, and other contingent charges can be reduced by about Rs. 4,000. Allowing for the expenditure on the posts of an Additional Deputy Secretary and a Registrar and for charge allowances to Assistants in charge, we estimate a net saving of 1·71 lakhs.

Savings on house-rent and hill-journey allowances and hill-journey charges have been taken account of under the Secretariat as a whole.

GRANT No. 38.—COMMERCE DEPARTMENT (4·83 lakhs).

(1) *Functions*.—(i) Shipping and matters connected with it, (ii) Trade and commerce and connected matters, (iii) Import and export regulations, (iv) Exhibitions, (v) Life assurance, (vi) Actuarial work, and (vii) Ecclesiastical matters.

Recent additions to activities.—(i) Tariff Board, (ii) Ecclesiastical work transferred from the Department of Education, Health and Lands, (iii) Centralisation of work connected with navigation and mercantile marine, (iv) Work connected with the League of Nations and the international conferences, (v) administration of the Training ship “Dufferin”.

(2) *Organisation*.—*Officers*.—A Secretary, a Joint Secretary, a Deputy secretary, three Assistant Secretaries (two permanent, one temporary), and five Superintendents including two temporary ones.

Establishments.—50 Assistants and clerks and 38 servants.

(3) *Growth of expenditure and staff*.—The expenditure and staff have grown as below :—

1913-14. 1921-22. 1924-25. 1931-32.

(i) *Expenditure*.

Pay of officers	3·46	1·67	1·20	2·00
Pay of establishment		2·14	1·20	1·94
Allowances, passages, etc.		·49	·34	·64
Contingencies		·69	·48	·25
Total	3·46	4·99	3·22	4·83

(ii) *Staff*.

	1921	On 1st April 1924	1931
Officers, i.e., administrative and superintendents	8	7	11
Clerical establishment as provided for in budget	45	37*	50†
Menials	35	33	38
* Actual strength was 40 permanent and 2 temporary = 42 + Stenographers.			
† “ “ “ is 46 “ “ 22 “ “ = 68 + “			

(4) *History*.—In 1913-14 Commerce and Industries Department formed a single Department. In 1917 the Munitions Board was created to meet war requirements ; when the war came to an end, the Board was converted into the Board of Industries and Munitions and later, in 1921, into a separate Department of Industries.

The Commerce Department used to deal, *inter alia*, with Customs. In 1924 Customs administration was transferred from its control to that of the Central Board of Revenue on the ground that, apart from delegation, there was little prospect of diminution of work in the Secretariat and that therefore the Secretariat proper should be freed from the functions of detailed administrative control exercised by it in the past. In fact, however, the two tables in paragraph 3 show that both staff and expenditure have grown substantially.

(5) *Departmental proposals.*—The Department has offered to try to effect a reduction in the number of Assistant Secretaries from 3 to 2 on the understanding that the posts of Joint Secretary and Deputy Secretary remain. As regards the subordinate establishments it proposes to await the examination of the office by an officer on special duty.

(6) *Our proposals.*—(i) We consider the Department's offer altogether inadequate. The Joint Secretary's post was temporary. It was understood that, so long as the Joint Secretary's temporary post was filled, the Deputy Secretary's post should remain unfilled. Now that, with effect from the current year, the Deputy Secretary's post has also been filled up, we do not see why Commerce Department should wish both posts to be kept alive. The maximum extent up to which we would be prepared to go is to give this Department an Additional Deputy Secretary. In accordance with our usual plan for the organisation of work in the Secretariat, we propose that all the posts of Assistant Secretaries and Superintendents be abolished and be replaced by one post of a Registrar in charge of the establishments and the office. Assistants should be placed in charge of branches.

(ii) During the last seven years the ministerial establishment* has increased by almost 62 per cent. in spite of the fact that the important subject of Customs was taken away from the Commerce Department. We however appreciate the force of the Commerce Department's contention and agree that in this case the percentage of reduction in the establishment should be small; we propose that the provision for establishment should be reduced by 5 per cent. Contingencies should, however, be reduced by 10 per cent.

(7) On our proposals the net saving will be ₹98 lakh. The savings on house-rent and hill-journey allowances and hill-journey charges have been taken into account for the Secretariat as a whole.

* Even after leaving out the staff for the Lighthouse officers, and the permanent Commercial Accountant and Assistant Actuary.

GRANT NO. 40.—DEPARTMENT OF INDUSTRIES AND LABOUR (6·53 lakhs).

(1) *History*.—This department dates from 1921 when it took the place of the Board of Industries and Munitions which was no longer required. The Inchcape Committee made proposals regarding the allocation of business in the Secretariat. These proposals were accepted in part and as one of the results of the survey of the position the Industries Department absorbed the Public Works Department, including its Posts and Telegraphs branch.

(2) *Functions*.—Development of Industries (Central aspects); Geology and Minerals; Explosives; Petroleum; Printing and Stationery; Patents and Designs; Copyright; Factories Act; Legislation relating to steam boilers; Legislation on the subject of Electricity (including water-power grants); Inter-provincial Migration; Stores; Labour Legislation; International Labour Organization; Meteorology; Post Office; Telegraphs; Telephones; Wireless telegraphy; Cables; Civil Aviation; Civil buildings; Communications; Irrigation and canals; Miscellaneous Public Works and Allotment of office accommodation to Secretariat and attached offices.

(3) *Organisation*.—The superior administrative officers number four, viz., a Secretary, a Joint Secretary, a Deputy Secretary and an Under Secretary. Besides, there is a provision of Rs. 13,800 in the 1931-32 budget for an Officer on Special Duty. Other officers are two Assistant Secretaries and eight Superintendents. Establishments number 158 including 71 servants.

(4) *Present expenditure and staff and their growth*.—For a proper appreciation of the growth of expenditure on this department it is necessary to group it with the enlarged Commerce Department and the now defunct Public Works Department.

1913-14. 1921-22.* 1924-25. 1929-30. 1930-31. 1931-32.

(i) *Expenditure.*

Commerce.	3·46	4·99	3·22	5·94	4·26	4·83
Industries and Labour		5·01	5·24	5·94	6·04	6·53
Public Works Department	3·21		5·43			
Total	6·67	15·24*	8·65	9·88	10·30	11·36

(ii) <i>Officers, clerks and servants.</i>	1913-14.			1921-22.*			1924-25.			1929-30.			1931-32.		
	Officers.	Clerks.	Servants.	Officers.	Clerks.	Servants.	Officers.	Clerks.	Servants.	Officers.	Clerks.	Servants.	Officers.	Clerks.	Servants.
Commerce	9	53	49	11	46	40	7	37	33	8	48	33	11	50	38
Industries and Labour }	13+60+49			14+83+68			14+86+71			15+87+71					
Public Works Department	11+60+50														

*Note.—The Board of Industries and Munitions was still in existence.

(5) *Departmental proposals*.—A reduction of expenditure by ·33 lakh has been proposed, viz., ·25 in the Industries Branch and ·08 in the Public Works Branch; the former includes ·18 on account of the discontinuance of the post of an officer on special duty.

(6) *Our proposals*.—Our general plan of Secretariat organisation involves the abolition of the posts of the Joint Secretary, the two Assistant Secretaries and the eight Superintendents, a Registrar taking the place of these officers and Assistants being placed in charge of branches. The provisions for establishments, allowances and contingencies should be reduced by ten per cent. Deducting .14 for a Registrar and for charge allowances to Assistants, the *net* reduction of expenditure from our proposals will be 1.90 lakhs.

(7) *Summary of savings*.—1.90 lakhs. An additional saving of .31 lakh on account of hill-journey and house-rent allowances and hill-journey charges has been taken into calculation for the Secretariat as a whole.

GRANT NO. 42.—PAYMENTS TO PROVINCIAL GOVERNMENTS ON ACCOUNT OF THE ADMINISTRATION OF "AGENCY" SUBJECTS (2·30 lakhs).

(1) *Explanation of the grant.*—This grant of 2·30 lakhs (of which 1·43 is non-voted) is intended for payments to the Local Governments of Madras (·38), Bombay (1·70) and Bengal (·22) for their administration of "agency" subjects, *e.g.*, Political, Haj Pilgrimage, Quarantine, Ecclesiastical, Major Ports, etc. The payments represent a share of the cost of the respective secretariats.

No payment is specifically made to Madras and Bengal. The Government of Bombay are paid ·32 for passport work done in the passport branch of the political department of the Bombay Secretariat and ·04 for that done in the passport branch of the office of the Commissioner in Sind. (The allowance of Rs. 200 p. m. to the Bombay Passport Officer is met out of the payment to the Bombay Government.) The reason for this is that passport work is heavy only at Bombay and Karachi. In 1914 the Government of Bombay had to create temporary posts in their Secretariat to cope with extra work in connection with passports. In 1921 some of them were made permanent, and the Central Government decided to bear the cost of these posts in accordance with the Devolution Rules.

In addition to this payment to Bombay Government of ·36 for passport work at Bombay and Karachi, central revenues bear an expenditure of ·10 lakh (provided in grant No. 45-Police) on the special passport establishments at Bombay (a Deputy Inspector on Rs. 275 and a clerk) and Aden (2 clerks).

(2) *Proposals.*—The departments concerned hold that no cheaper agency can be devised for the performance of "agency" work. We accept this view. But, we observe that the objects for which payments are made are somewhat specific in the case of Bombay. Since the cost of administration is likely to be reduced in that province, the question of reducing the amount paid to the Government of Bombay by approximately 10 per cent. (this being the percentage cut likely to be enforced in the provinces also) may be taken up with them. For the present we leave out of our calculation any saving that may possibly accrue from our proposal.

CHAPTER VII.

GRANT NO. 44.—ADMINISTRATION OF JUSTICE (·55 lakh).

(1) *Explanation of the grant.*—This grant of ·55 lakh consists of only two small items of ·40 and ·15 lakh representing the payment to the Local Governments of Bengal and Bombay respectively for services rendered by certain law officers of theirs to the Central Government. The administration of justice including the constitution, powers, maintenance and organisation of law-courts is a provincial reserved subject, subject to central legislation as regards courts of criminal jurisdiction and High Courts and courts of similar status. In the Governors' provinces the Government of India have only the general powers of superintendence, direction and control. The position of the Calcutta High Court is, however, an anomaly inasmuch as administrative control over it is vested in the Government of India.

The provision for the administration of justice is therefore made in the budgets of the respective major provinces or the minor administrations.

(2) *Proposals.*—(i) The payment made to the Government of Bengal comprises ·36 lakh as the Government of India's share of the total expenditure of the Local Government on account of the salaries of their law officers (*viz.*, Advocate General, Standing Counsel, Legal Remembrancer and the Government Solicitor) and ·04 for contingent charges incurred by the Legal Remembrancer on behalf of the Central Government, *e.g.*, fees to pleaders, etc. This latter part of the payment varies from year to year. The contribution to the Government of Bombay is calculated on the same basis.

Both the Local Governments were consulted on the possibility of effecting a reduction of ten per cent., but they replied that no reduction was feasible. Under these circumstances we are unable to make a definite recommendation. We think, however, that if, as is probable, the Local Governments concerned adopt "percentage cuts" of pay, whether on the Government of India's lines or on different ones, there might be a good case for inviting the Local Governments to give some relief to the Government of India.

(ii) As regards the High Court at Calcutta a question we have considered is whether it would lead to economy in the Home Department if the position of that High Court is assimilated to that of the other High Courts. The Simon Commission proposed that the expenses (including judicial salaries) of all courts of the status of a High Court should be charged on central revenues and the administrative control should in each case be vested in the Central Government. We understand that this question is under consideration in the Home Department and that no decision has been reached. We would therefore content ourselves with the remark that the financial consequences of the proposal should be fully weighed against any administrative benefit likely to accrue from it; especially as the prospective revenue position of the Central Government is by no means so bright as it appeared to that Commission.

(iii) We should like to add that under the present arrangements the expenditure of the Calcutta High Court is apt to pass without sufficient scrutiny either of the Local Government or of the Government of India. We also think that the Government of India should initiate the necessary enquiries for retrenchment in that sphere.

(3) *Summary.*—No specific reduction of expenditure can be suggested.

CHAPTER VIII.

GRANT No. 46.—PORTS AND PILOTAGE (26·16 lakhs).

GRANT No. 47.—LIGHTHOUSES AND LIGHTSHIPS. (12·98 lakhs).

(1) *Introductory*.—Prior to 1929-30 there was only one budget head, *viz.*, “Ports and Pilotage”, and it comprised the following classes of expenditure, *viz.*, (i) Bengal Pilot service, (ii) port officers’ establishments and marine courts, (iii) shipping offices, (iv) marine survey departments, (v) the training ship “Dufferin”, and (vi) lighthouses and lightships. The administration of the central subject “Shipping and Navigation” was, broadly speaking, in charge of the maritime Local Governments as agents for the Government of India, and the method of financing some of the above-mentioned services varied considerably from province to province.

The Inchcape Committee observed that there was little uniformity as to the authority by which these services were administered or as to the basis for the levy of fees on shipping. It recommended that the various services mentioned above should *all* be made self-supporting and proposed the reduction of expenditure from 26·32 to 24·21 lakhs. But since the entire policy was under Government’s review at the time, it refrained from a detailed examination.

With effect from 1929-30 the administration was centralised and reorganised. As a result of this change the cost of “Ports and Pilotage” has increased considerably, and although the Inchcape Committee recommended that all the services should be made self-supporting, the receipts from the mercantile marine department have generally been below fifty per cent. of the expenditure, even when leave, pensionary and certain overhead charges are left out of account. As a result of the retrenchment proposed by it the Commerce Department hopes that in future about a half of the expenditure will be covered by the levy of fees. On the analogy of the law* in force in the United Kingdom it thinks that the practice of India should be the same as in the United Kingdom. It hopes that when the retrenchment proposed by it is brought into operation, the aggregate amount produced by fees levied under the Merchant Shipping law will be approximately equal to one-half of the expenditure on the mercantile marine department in respect of the services for which the fees are leviable.

As regards pilotage the service is confined to Bengal for the navigation of the Hooghly river, and the accepted policy is to treat and administer it on a self-supporting basis.

The administration of lighthouses and lightships was also placed on a definitely self-supporting basis. A separate grant is now voted for “lighthouses and lightships” service, but the creation of a separate fund automatically transfers the excess or the deficit of receipts over expenditure to the Fund instead of leaving it to be borne by the civil estimates.

We shall now deal with the two grants separately.

**Vide* section 3 of the Fees (Increase) Act of 1923.

GRANT NO. 46.—PORTS AND PILOTAGE (26·16 lakhs).

(2) *Explanation of the grant.*—This grant covers three distinct services, viz., (i) the administration of “Ports”, i.e., headquarters direction and the mercantile marine departments, (ii) the cost of the Bengal Pilot Service and (iii) the cost of the training ship, the “Dufferin”. The expenditure (in lakhs) on each has been :—

	1913-14.	1926-27.	1928-29.	1929-30.	1930-31.	1931-32.
(i) Ports including headquarters Direction . . . . .	..	5·20	5·97	7·26	8·61	9·54
(ii) Pilotage	10·54	16·16*	12·51	12·87	12·03	14·24
(iii) Training ship	Nil	·67†	2·06	2·35	2·40	2·38

*Unusually heavy expenditure on the building, repair and outfit of ships.

†In 1927-28 the R. I. M. S. Dufferin was converted into a training ship; before that it was on a “maintenance” basis.

(3) *Functions.*—The various mercantile marine departments comprising port establishments, shipping offices and ship survey departments perform the usual functions that are discharged by every government in matters relating to the mercantile marine.

The Bengal pilotage establishment is maintained for the pilotage of ships on the Hooghly, the navigation of which owing to the shifting sand-banks and the narrow channel kept available for ships to pass along, is difficult and cannot be entrusted to ordinary ship’s crews.

The training ship is intended to train men for careers in the mercantile marine. The R. I. M. S. Dufferin was taken over in 1925, a price of 1·25 lakhs being paid to the Marine Department. In 1927-28 it was converted into a training ship at a cost of 4·36 lakhs and was opened as such in December 1927.

(4) *Organisation.*—(i) Under the scheme of centralisation of mercantile marine administration inaugurated by the Indian Merchant Shipping (Amendment) Act, 1928, with effect from 1st April 1929, Commerce Department is in direct administrative charge of the Ports and Pilotage services. A Nautical Adviser and a Chief Surveyor are maintained at headquarters to advise Government on matters relating to mercantile marine and ship survey questions respectively.

(ii) The coasts of India have been divided into six districts based on the major ports of Calcutta, Bombay, Madras, Rangoon, Karachi and Aden. Chittagong also is a major port, but for mercantile marine purposes it is a sub-district of Calcutta district. Each district is in charge of a chief executive officer called the “Principal Officer”. At Bombay, Madras and Aden the Port Officers used to be employees of the respective Port Trusts or Port Funds: they are now directly in Government’s employ. The Principal Officers are assisted by engineer-surveyors, ship-surveyors, shipping masters and subordinate establishments. The Principal Officers are also Superintendents of Lighthouses under the Indian Lighthouses Act except in the Bombay district. The following table shows the mercantile marine

establishments maintained by the Central Government in their own employ in the districts :—

in the districts :—		Calcutta.	Chittagong.	Madras.	Bombay.	Rangoon.	Karachi.	Aden.
(1) Ports Establishments—								
Principal Officer	. . .	1	..	1	1	1	1	1
Nautical Surveyor	. . .	1	1*	..	1	1	1	Nil
Wireless Telegraph Inspector	. . .	1	..	..	1	1†	(Part-time.) Nil	Nil
Ministerial	. . . .	18	3	..	10	24	6	7
Servants	. . . .	18	7	..			3	
(2) Shipping Offices—								
Officers {	Master	1	..	..	1	..	..	..
	Deputy and Assistants	2	..	..	3‡	..	..	..
Ministerial	. . . .	30	..	..	23	..	..	..
Servants	. . . .	13	..	..		..	..	..
(3) Ship Survey Department—								
Officers {	Principal	1	..	1	1	1	1§	..
	Assistants	5	..	..	4	..	..	..
Ministerial	. . . .	5	..	..	8	..	..	..
Servants	. . . .	16	..	..		..	..	..

*Half of his pay is recovered from Chittagong Port Commissioners.

†Used to be non-gazetted.

‡Reduced to two from 14th September 1931.

§This is also the Principal Officer of the District.

The existing arrangements in the districts are somewhat complicated, the reason being that the staff also administers the provincial subject of "Inland Navigation". Thus, in the Calcutta district one-third of the cost of ship survey establishments and the cost of the "Fifth engineer and ship surveyor" and his staff are recovered from the provincial government. In the Chittagong district Rs. 1,000 per annum is paid to the Government of Bengal towards the cost of the ship survey department. In the Madras district contributions are paid to the Minor Ports Fund and the Local Government on account of certain establishments and contingent expenditure on account of ports and ship survey work, and certain recoveries are made for lighthouse work. In Bombay and Karachi some recoveries are made from the Government of Bombay towards the cost of the ship survey department. Similar arrangements are in operation in the other districts also. At certain ports, e.g., Karachi, combined establishments are maintained for the Principal Officers and the ship survey sections.

The pay of officers varies. Members of the Royal Indian Marine appointed to mercantile marine appointments get their grade pay *plus* a staff pay which, it is claimed, is fixed with reference to the officer's status and the duties of his post. The staff pay takes the place, in part of provisions, lodging and services to which the officer would be entitled while serving afloat.

(iii) *Pilotage*.—For the needs of the Bengal Pilot service two pilot vessels, the "Lady Fraser" and the "Andrew", are maintained under the command of one of the Branch pilots in rotation for a year.

The cadre of officers on service afloat consists of 2 Commanders, 2 Chief Officers and 4 second and additional officers and 8 engineers. The crew serving afloat numbers 144 men. There is also an establishment of 11 for the "Aid". Actual piloting work is done by pilots who are divided into various grades, *viz.*, Branch pilots, Master pilots, Mate pilots, First and Second Mate Leadsman and Leadsman Apprentices. The sanctioned strength of the service is fifty pilots and twelve leadsmen. The pay of leadsmen ranges from Rs. 200 to Rs. 350 *plus* 50 per cent. of lead money collected, and that of pilots varies from Rs. 400 to Rs. 2,250 *plus* overseas pay. The pilots on the running list also get extra emoluments in the shape of night pilotage fees; these are claimed to be in the nature of overtime pay.

The seniormost officer of the Bengal Pilot Service is, *ex-officio*, Deputy Port Officer (Pilotage), Calcutta, and is responsible for pilotage work. He is on a special scale of pay, *viz.*, Rs. 2,550 *plus* overseas pay. It seems that pilotage establishments, other than crews, are not charged to the pilotage grant, though we understand that a share of the cost of the Port Establishments is charged to the *pro-forma* accounts relating to pilotage.

(iv) The training ship has six officers, a Captain Superintendent (pay Rs. 1,800), a Headmaster on Rs. 1,500, a Chief Officer, two other officers and an Assistant Surgeon. The establishments comprising school masters, boat-swain instructors, clerks, engine drivers, lascars, servants, etc., number 59.

(5) *Growth of staff and expenditure.*—The following two tables show how the staff and expenditure in India have grown compared with 1924-25. But owing to the radical change of policy inaugurated in 1929-30 comparison with the figures of previous years is not of much help. In fact, the old arrangements had to be continued during the major part of 1929-30. Hence the figures of even that year are not particularly useful for comparative purposes.

TABLE A.—STAFF.

	1924-25.		1931-32.	
	Ports.	Pilotage.	Ports.	Pilotage.
Officers	19	16 <i>plus</i> 72	34*	16 <i>plus</i> 58
Crew	9	144	191	155
Clerical and Menial	128	..		3

*Including one part-time post.

TABLE B.—EXPENDITURE.

	1913-14.	1921-22.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
(i) Ports Direction	..	..	..	..	..	..	·06	·58	·58	·61
Port Officers' establishments.	..	2·22	1·24	1·41	1·74	1·39	1·73	2·15	3·22	4·45
Shipping Offices .	..	·79*	1·50	1·63	1·44	1·93	1·83	1·94	2·05	2·10
Ship Survey Department.	..	·31	1·54	1·84	1·95	1·96	2·09	2·45	2·63	2·27
Scholarships and Miscellaneous.	..	..	..	..	·06	·07	·07	·10	·05	·01
Total for Ports	6·02	3·92	4·28	4·88	5·19	5·35	5·92	8·11†	8·61	9·5
(ii) Training Ship	..	..	..	·17	·67	5·27	2·06	2·35	2·40	2·3
(iii) Pilotage .	·10·54	14·69	14·22	17·65	16·16	14·19	12·51	12·87	12·03	14·2

*Does not include expenditure on Bombay Shipping office.

†7·26 after deduction of recoveries of ·85.

(6) *Receipts*.—The following table shows receipts under head “Ports and Pilotage”. They include receipts from the shipping offices and the “Dufferin” but exclude those from Bengal pilotage.

	1928-29.	1929-30.	1930-31.	1931-32.
Mercantile Marine Department	4.68	3.83	4.23	4.32
Training ship . . . . .	.17	.30	.35	.44
Total	4.85	4.13	4.58	4.76

(7) *Departmental proposals* :—

A.—*Ports* (Grant 9.54 lakhs).

Commerce Department at first proposed to effect savings as shown below :—

	Sanctioned Budget, 1931-32.	Reductions	
		in 1931-32.	in future.
	Rs.	Rs.	Rs.
(i) Headquarters Establishments	66,500	2,000	14,500
(ii) Marine Engineering (State Scholarships)	4,000	400	400
(iii) Madras District	32,000	1,000	1,400
(iv) Bombay District	2,99,200	14,090	14,200
(v) Training Ship	2,37,700	8,000	..
(vi) Karachi District	35,100	2,850	1,250
(vii) Aden District	33,000	300	..
(viii) Calcutta District	3,59,400	10,850	57,500
(ix) Chittagong Sub-District	19,000	100	..
(x) Rangoon District	1,04,000	620	620
Total	11,89,900	40,210	89,870

It will be seen that the savings under (i) were effected, before the present retrenchment campaign began, by the appointment of a new Nautical Adviser and a new Chief Surveyor at headquarters on lower rates of pay. The saving offered under (viii) includes an automatic saving of Rs. 54,700 (provision for the payment of arrears of rent for the Calcutta port and shipping offices), which would have accrued in any case. The other savings amount to Rs. 20,670.

B.—*Pilotage* (Grant 14.24 lakhs).

A reduction of 1.06 lakhs in the 1931-32 grant was offered but the main items offered were .50 due to the postponement of the reconditioning of S. P. V. “Andrew”, .20 on marine stores, .10 on the cost of coal, .22 on the pay of officers.

The following note embodies the Commerce Department’s proposal as regards permanent reduction of expenditure :—

“Though the Service is in the first instance financed by Government, the expenditure is recouped by pilotage fees, and *pro-forma* accounts are maintained

to ensure that receipts cover expenditure. Owing to the present depression in trade there is a deficit at present, but steps are being taken to balance revenue and expenditure and in the current year Rs. 1,06,000 has been surrendered by reductions of expenditure. Automatic savings are expected under pay of officers and by this means and with other economies the income and expenditure are expected to balance. The Pilotage Dues Committee has been appointed to enquire into pilotage fees. Their report is expected shortly and the question whether any increase in fees is desirable will then be taken up."

C.—*The "Dufferin"* (Grant 2.38 lakhs).

The Commerce Department has stated that the provision for the training ship cannot be reduced permanently without impairing its efficiency. It has also explained that the "arbitrary" cut of Rs. 11,000 made by Finance Department has made it necessary to postpone the dry-docking of the ship for repairs, and that it will have to ask for an extra grant of Rs. 15,000 in the next year's budget.

(8) *Our proposals* :—

A.—*Portis* (Grant 9.54 lakhs).

(i) Excluding the expenditure on the training ship, the 1931-32 provision for Mercantile Marine administration amounts to 9.54 lakhs. The department has offered genuine savings of only Rs. 20,670. We consider this altogether inadequate, and we are persuaded that a reduction of the provision for 1932-33 by 1.50 lakhs as compared with that for 1931-32 is not at all difficult to effect. In this connection we draw attention to table B in paragraph 5, especially to the extraordinary increase in the cost of port officers' establishments compared with 1929-30. We may explain some lines along which expenditure can be reduced by at least the amount proposed by us.

(ii) We appreciate the need for technical advisers to the Government of India. But, we can see no valid reason why these officers should not be posted at the ports. We think it should not be difficult to obtain their advice from the ports. Occasional visits to the headquarters of Government may be necessary. We think, contact with actual work in the districts will be distinctly helpful to them and to Government. We do not consider that there is enough work for the two advisers at headquarters. The extensive re-organisation undertaken in the interests of centralisation may have required the services of advisers on the spot. Now that a very large portion of this work has presumably been completed, the need for the advisers at headquarters must be far less. If we may say so, their work was in the nature of special duties which should now come to an end. If any portion of the initial work is still outstanding, special posts may be created to complete it, provided that it is not possible to utilise the services of officers at the ports for this purpose.

We therefore propose that these two posts should now in the interests of economy be abolished, saving Rs. 55,000 in pay and possibly about Rs. 5,000 in other items.

(iii) We are not quite convinced that it would be impossible to combine the functions of these two officers. We find that the Principal Officer in charge of a port is, to quote the Commerce Department's words, "the chief executive officer of Government in all matters relating to mercantile marine administration and exercises general supervision over the whole of the district staff including, inter alia, the staff for the survey of ships." It seems to us therefore that it

should not be altogether impossible to come across a Principal Officer who might be able to combine the advisory duties of the Nautical Adviser and Chief Surveyor. So far as we can see, mercantile marine and survey duties are combined at some ports, *e.g.*, Bombay and Karachi; in fact we note that the Karachi officer is an engineer officer. In any case, we propose that the feasibility of such combination of duties should, though strictly as a second alternative to our proposal in (ii), be reconsidered, not in the light of an abstract theory but of concrete facts. We may concede that it is better to have two specialist officers, but the question is whether the extra administrative convenience is worth the cost at a time of acute financial stress like the present; we think it is not.

(iv) The numbers of officers are 12 at Calcutta, 13 at Bombay (including the Collector of Salt Revenue as Superintendent of Lighthouses, *ex-officio*), 2 at Madras, 2 at Karachi, 2 at Chittagong (one being a provincial officer), 4 at Rangoon and 1 at Aden. We hold that it is possible to reduce the numbers at Calcutta, Bombay and Rangoon by eight in all and we recommend accordingly. Commerce Department has abolished only one post, *viz.*, the temporary post of the Additional Assistant in the Shipping Office, Bombay.

(v) The Commerce Department's contention that in the case of officers belonging to the Royal Indian Marine the staff pay is fixed with reference to the officer's status and duties does not convince us as to the necessity of the present scales of emoluments which include staff pay, special pay and motor car or conveyance, compensatory local, house rent, Burma, R. I. M. craft supervision, travelling, overtime and closed holidays and other allowances. The following table shows the present actual emoluments of some such officers and the unusually high ratio they bear to grade pay:—

		Grade pay.	Staff pay.	Special pay.	Motor allow- ance.	Compensatory, Local, house-rent and other- allowances.	Total.
(a) Calcutta	(i)	900	870	200	100	150+178	2,398
	(ii)	800	620	100	75	150+110	1,855
	(iii)	900	700	150	150	150+152+75+32	2,309
	(iv)	700	500	..	150	135+175+75	1,735
(b) Chittagong	(i)	625	620	..	..	300	1,545
	(ii)	650	500	..	..	75	1,225
(c) Bombay	(i)*	900	870	..	100	150	2,020
	(ii)	900	870	..	100	150	2,020
	(iii)	700	370	..	..	50+135+160	1,415
	(iv)	650	500	..	50	135+125	1,460
	(v) & (vi)	500	450	..	150	120+143	1,363
(d) Madras	(i)	900	870	..	..	73	1,843
(e) Karachi	(i)	800	700	..	150	..	1,650
(f) Rangoon	(i)	900	870	..	..	150+150+159	2,229
	(ii)*	700	500	..	..	135	1,335
	(iii)	625	500	..	..	50+120+120	1,415
	(iv)	800	500	..	..	50+135+135+113	1,733

*These officers are on leave.

We have selected only a few cases at random, but they are fairly typical and serve to illustrate the point that we wish to make, *viz.*, the unusually liberal treatment of Royal Indian Marine officers with such a profusion of allowances. Some of these allowances, *e.g.*, motor car allowances, we consider altogether unnecessary in the case of *officers* and some others as not justified by the nature of the duties performed.

They are also permitted to retain various classes of fees. Their number is large and we shall deal with only the two most important classes.

So far as we are aware, the Mercantile Marine Department is the only one in which *officers* get overtime allowances. The surveyor gets half of the overtime, Sunday and certain closed holidays fees for the survey of ships. The fees charged for shipping and discharging crews on Sundays and holidays and out of office hours on working days are paid to the officers in the shipping offices working overtime in certain cases ; in others they are credited to Government. Such overtime allowances can, in some cases, be handsome additional emoluments, as the following cases show:—Shipping Master, Calcutta's average monthly overtime fees amount to Rs. 560 and his Deputy's to Rs. 150. In the case of the Shipping Master at Bombay they amount to Rs. 367.

Examination fees levied from candidates taking the mercantile marine examinations are generally credited to Government, but in the case of Masters and Mates examinations they are paid to the examiners who are generally employees of the department. The amounts earned out of such fees by each individual officer varies according to the post held and its importance. To give a few illustrations, the Principal Officer, Bombay's monthly average of income out of examination fees is Rs. 113, and the Nautical Surveyor's Rs. 86.

The least that we must in this case recommend is that special pay and motor car, compensatory local, house-rent, overtime, Burma and all other allowances should be abrogated and the officers should, as is the case at Aden and almost so at Madras, be given only grade pay *plus* a suitable staff pay not exceeding the staff pay on the present scales. We may add that our recommendation as to the abrogation of local, compensatory and house-rent allowances is based on general grounds which we have applied to all other similarly circumstanced services recruited for work at the expensive stations. We must further remark that while many officers at Calcutta get *motor car* allowances, no officer at Rangoon gets them, though we note that three officers get *conveyance* allowances of Rs. 50 per mensem each. We cannot see why there should be any need for liberal motor car allowances at Calcutta. In this connection we might make it clear that we cannot accept the justification for the rapid growth of expenditure on allowances when the number of officers is almost constant. To give only one illustration, allowances to the ship survey staff at Calcutta have grown from Rs. 23,204 (actuals) in 1929-30 to Rs. 33,100 (budget) in 1931-32, and to the port staff at Rangoon from Rs. 8,100 (budget) in 1930-31 to Rs. 13,100 (budget) in 1931-32.

(v) We have similarly found cases in which contingent expenditure has grown rapidly in spite of a general fall in prices. Thus, the provision for contingencies for the ship survey department at Calcutta has been raised from Rs. 6,435 (actuals of 1929-30) to Rs. 7,300 in 1931-32. Similarly the provision for "Other charges" for the Rangoon Port Establishments has grown from 19 in 1929-30 to 27 lakh in 1931-32. The entire contingent expenditure needs a searching scrutiny by the department.

(vi) We can see no reason why an official motor car should be maintained for the use of officers, as one is in fact maintained for the officers of the shipping office, Bombay.

(vii) We are not satisfied that the "pooling system" for launches is used to the fullest extent possible and we propose that the feasibility of its extension to ports where it is not in operation be reviewed. The pooling arrangements should not be confined to mercantile marine, marine transport, lighthouses and similar cognate departments and every attempt should be made to "pool" launches with, e.g., customs, salt, port police—in fact with every department, central or provincial, or local body (e.g., a Port Trust) which maintains them. We also propose that suitable instructions designed to prevent the abuse of Government launches be issued to all concerned. •

(viii) As regards the three posts of Wireless Telegraphy Inspectors (appointed under section 243 of the Indian Merchant Shipping Act of 1923 to enforce compliance with the requirements of the law in this respect) at Calcutta, Bombay and Rangoon, we are not at all satisfied that the inspection work cannot or should not be transferred to officers of the Royal Indian Marine or of the Posts and Telegraphs Departments. Commerce Department states that it tried the former arrangement at Bombay and Rangoon but found it unsatisfactory. We are, however, looking at the problem not from the point of view of absolute efficiency but of feasibility in relation to cost. We propose that the entire question be reviewed from this point of view.

(ix) While it is possible for us to enter into further detail, we consider it unnecessary to do so. We trust, the few illustrations we have given, a majority of which are typical, will show that expenditure has been allowed to grow with undue rapidity and that a rigorous examination should enable it to be reduced without any appreciable difficulty by 1.50 lakhs for the purposes of the 1932-33 budget. Considering that our proposal amounts in effect to one for the permanent reduction of expenditure by only .81 in a budget of over 9½ lakhs, we consider we have not expected or asked for too much.

(x) We would also draw attention to what we have stated in some detail in paragraph 1 and recommend that independently of the law or the practice of other countries including the United Kingdom the various mercantile marine services should be placed on a really self-supporting basis, including leave, pensionary, overhead, depreciation, interest and other charges. The Incheape Committee made the same recommendation and we presume that it must have been aware of the law and the practice in the United Kingdom through its Chairman—a prominent figure in the mercantile marine of the world. Commerce Department admits that in this respect neither the Board of Trade rule nor the British law is binding on the Government of India. We must urge that we can see no justification for the continuance of what, in effect, amounts to a subsidy of about four to five lakhs a year. Our proposal will add about 4½ lakh to the receipts under "Ports and Pilotage," and will tend to bring the administration under closer scrutiny by the commercial community than the present arrangement does.

(xi) Finally, we think the time is now ripe for an extension of the principle of local self-government to the administration of the mercantile marine department, subject to the legislation relating to it continuing to be central and, if necessary, even made federal. We note that under the arrangements which were superseded by the centralisation scheme inaugurated in 1929-30 the port officers at Bombay, Madras and Aden used to be employees of the respective Port Trusts or Port Funds. Even if a complete reversion to that arrangement be considered impracticable, we can see little reason why the powers of statutory local bodies like Port Trusts should not be extended so

as to include many of the duties at present discharged by the Central Government's own staff. We think it will be a cheaper arrangement and should work efficiently. We believe that local self-government in this respect is indicated by the trend of political developments. We may also add that the Inchcape Committee also "understood that the Government of India were inquiring into the question whether these offices should not be placed under the Port Commissioners at these ports" (the reference being to Calcutta and Rangoon, provision for which was included in the estimates reviewed by that committee).

B.—*Pilotage* (Grant 14·24 lakhs).

(i) Although this is claimed to be a self-supporting service and *pro forma* accounts are maintained for that purpose, we hold that reduction of expenditure should be effected by all practicable means. We do not accept the view that the aim should be merely to balance receipts against expenditure, but rather to reduce expenditure to the lowest practicable limit and then to adjust the fees charged to the public accordingly. Even if the benefit inures, in the first instance, to the commercial community, we consider, it will ultimately be so much gain to the general public.

(ii) Considering the extremely high scales of pay (including overseas pay) in force for the Bengal Pilot Service and the fact that the officers are not actually engaged in piloting work every day of the month, we see no justification for the payment of "overtime" pay in the shape of night pilotage fees, for which the provision is 1·27 lakhs—nearly 20 per cent. of the pay proper of pilots and leadsmen. We consider the payment of "overtime" pay or allowances to officers objectionable in principle and hold that the usual principle that a Government servant is a public servant for all the twenty-four hours of the day should be applicable to this service also. In the case of those already in service, however, we consider it fair to make some exception, as we have done in the case of the Customs Department. Our recommendation therefore is that in view of the acute financial stress, the scales of night pilotage fees be reduced to one-half. This will yield a saving of about ·64 lakh. Mr. Ramsay Scott thinks that the reduction should be one-fourth and not one-half.

(iii) We observe that even though the present trade depression has caused some fall in shipping (the Commerce Department's estimate of the decrease in the number of ships entering being 4 or 5 per cent.), the number of pilots has remained the same. We appreciate the force of the contention that pilots cannot be made in a few months and that therefore the number maintained for normal trade conditions may prove to be excessive in times of temporary depression but cannot on that ground alone be materially reduced. But at a critical juncture like the present one we see no justification for the retention in service of officers who have completed 55 years of age. We note that there are three such; and that another eight are already over 50. Some reduction of the number of officers can thus be carried out without causing undue individual hardship, and in our opinion the prospects of trade justify the reduction. We propose that the whole cadre of officers of the pilotage services be reduced so as to save at least 15 per cent. on their pay (Rs. 1,08,100 plus Rs. 8,06,100). Saving will be 1·37 lakhs. Since at least ten of the sixty officers have already reached their maximum pay (Rs. 2,200 plus £30 O. P.), our proposal to reduce the cost on the pay of officers by 15 per cent. will involve the reduction of the number of officers by a much smaller percentage. In fact we find that the retirement of the three superannuated officers would yield a saving of ·94 lakh and that of two others, even allowing for the recruitment of fresh men at the bottom would yield another ·58 lakh (Our calculation naturally includes overseas pay drawn by the officers).

(iv) The present establishments numbering 155 should also be reduced so as to save about 15 per cent. (.08) on their pay.

(v) The 1931-32 provision for victualling and store allowances of officers and men afloat is .35 against the 1929-30 actuals of .34. In the light of our proposals in sub-paragraphs (iii) and (iv) above and the fall of prices of foodstuffs, etc., we think, a provision of about .30 should suffice for 1932-33. It should be reduced accordingly, saving .05.

(vi) A reduction by ten per cent. in the provision for controllable contingencies should be effected, saving about Rs. 500.

(vii) Under "Purchase of marine stores and coal" Commerce Department offered for 1931-32 a saving of .30 apart from the saving on account of the reconditioning of the "Andrew". Considering that the total provision for stores and coal is 1.78 lakhs, we think it should be possible to repeat this saving, at any rate a large part of it, in 1932-33.

(viii) The provision of 1.50 lakhs for the reconditioning of the "Andrew" should, as proposed by the Commerce Department, be reduced to 1 lakh for 1932-33.

(ix) In the light of our proposals in (iii) and (v) the provision for mess and passage money of pilots should be reduced by, say, 10 per cent., saving about Rs. .03 lakh.

(x) On our proposals the total permanent reduction of expenditure will be 3.87 lakhs. As against this an extra provision of 1 lakh will be needed in 1932-33.

(xi) We further recommend that (i) a due share, *based on accurate calculation*, of the cost of all pilotage establishments should be charged to the pilotage grant, if, as it seems to us, this is not the present practice, and (ii) that interest on "capital" should, as recommended by the Inchcape Committee, be taken into calculation in framing the *pro forma* accounts. The fact that the present assets were acquired out of revenue may be taken as a technical plea against our proposal, but we consider it invalid in substance. It should not be difficult to take a valuation of the assets as they are to-day and to charge interest on such value.

(xii) We are not convinced that subject to necessary safeguards the Bengal Pilot Service cannot be brought under the control of a local authority. We see many advantages in such an arrangement, if it is not found totally impracticable. The direct voice of the commercial community of Calcutta will help to keep expenditure under control. It is a local Bengal service intended for the benefit of Calcutta. We note that the Bengal Pilot Service Re-organisation Committee recommended its transfer to the Port Commissioners, Calcutta, and we propose that the question should be examined afresh.

(xiii) Finally, we observe that Commerce Department states that it has made no attempt in the past to train up men of the *sarang* class for piloting work. We admit that as a class *sarangs* do not have the necessary education to qualify for the higher posts in the pilot services, but we cannot admit that that class is not suitable material. We consider that it offers a very promising field for the recruitment of men for the navigation not only of the high seas but also the deltaic river system of Bengal including the Hooghly, and we recommend strongly that attempts should now be made to secure suitable men from this class also.

C.—*Training Ship "Dufferin"*.

(i) Staff and expenditure have grown as shown below :—

	1928-29.	1929-30.	1930-31.
(1) Staff—			
Officers	5+1	4+2	4+2
Establishments	51	48	54
(2) Expenditure—			
Pay of officers	·52	·63	·60
Pay of establishments	·34	·35	·41
Allowances	·24	·20	·23
Cadets' boarding	·14	·21	·27
Total expenditure	2·06	2·35	2·40

But we must observe that the ship did not have, *ab initio*, the full complement of staff, which was strengthened as the need was felt.

(ii) The Commerce Department's view as to the possibility of reduction of expenditure has been explained in paragraph (7). We agree that the efficiency of the training imparted should not in any way be impaired. we have no specific proposals to make.

GRANT NO. 47.—LIGHTHOUSES AND LIGHTSHIPS (12·98 lakhs)

(9) *Explanation of the grant.*—The expenditure from the grant for light-houses and lightships aggregating 12·98 lakhs in 1931-32 is in fact met from light dues levied on ships arriving at or departing from ports in British India. Though the receipts and expenditure are credited and debited in the Government accounts, the funds are kept apart from Government funds and are merely invested with Government. Thus, the civil estimates of Government are not affected.

(10) *Growth of expenditure.*—Before 1929-30 the expenditure related to certain lights in Burma, Sind and Bihar and Orissa and at Aden. The administration was in charge of the maritime Local Governments, and there was great diversity of practice with regard to the incidence of charges for the maintenance of lights. With effect from 1st April 1929 the scheme of centralisation relating to mercantile marine matters including lighthouses and lightships was brought into operation. The accounts were also commercialised. These two radical changes detract from the utility of the figures of cost in previous years as a guide to a study of the growth of expenditure.

The expenditure is now incurred on account of the direction at headquarters, various contributions and the establishments in the districts. It may be set out as below :—

	1929-30.	1930-31.	1931-32.
(a) (i) Direction proper*	1·03	1·60	1·42
(ii) Contributions to funds, etc.†	7·75	6·17	6·10
Total	8·78	7·77	7·52
(b) Lighthouses—			
Madras District	·59	·82	·84
Bombay District	·26	·30	·41
Karachi District	·26	·22	·21
Aden District	·45	·46	·53
Calcutta District	·06	·13	·20
Rangoon District	1·29	1·02	·89
Total	2·82	2·95	3·08
(c) Lightships—			
Karachi District	·30	·42	·29
Calcutta District	·30	·40	·45
Rangoon District	1·61	1·55	1·60
Total	2·21	2·37	2·34
Grand total for the whole grant‡	13·83	13·09	12·98

* Including cost of a portion of the Commerce Department.

† Depreciation, Additions and Replacements, Reserve, Provident and General Reserve Funds and cost of account and audit and pensions.

‡ The "grand total" figures include a few small items not shown under (a), (b) or (c) and therefore do not tally with the totals of (a), (b) and (c) in 1929-30 and 1931-32.

The direct cost of lighthouses and lightships has been given in the table in paragraph 13 (iv).

(11) *Organisation*.—As a result of centralisation Government have, since 1928-29, sanctioned a headquarters establishment consisting of a Chief Inspector (pay, Rs. 2,000—100—2,500 *plus* overseas pay) and two Inspectors (Rs. 1,000—50—1,500), and a staff of 17 including two foremen and six assistant mechanics, a draftsman and a commercial accountant.

A portion of the cost of the Commerce Department charges is also debited to this grant; the provision for 1931-32 for this purpose is Rs. 13,200. Overhead charges are also debited to it.

As regards lighthouses numbering 26 in all no officers but only establishments are maintained; their numbers in each district are:—Calcutta (14)*, Madras (38), Bombay (27), Karachi (9), Aden (15), Rangoon (56). No establishments are kept for the maintenance of beacons.

Lightships are maintained in Calcutta, Karachi and Rangoon districts. The South Patches Lightship in Calcutta district which used to be in Rangoon district has an establishment of 15. The lightship establishment in Karachi district numbers 16. The Rangoon district lightship staff consists of 5 officers called Commanders (paid at rates varying from Rs. 200 to 450) and 41 crew.

A comparative examination of the figures for 1926-27 to 1931-32 reveals the fact that, broadly speaking, the staff has not only not grown but has been reduced. The only important exception is the creation of the headquarters staff as a result of the scheme of centralisation.

(12) *Departmental proposals*.—Commerce Department holds that the service being a self-supporting one, no reduction of expenditure is necessary. It has therefore made no proposal to that effect.

(13) *Our proposals*.—(i) We have considered the question whether there is any point in our undertaking a scrutiny of this grant. On the grounds explained by us in paragraph B(i) of the preceding grant, while dealing with the Bengal Pilot Service, we hold that we should subject this grant also to scrutiny. But since any reduction of expenditure effected affords no relief to the civil estimates of Government, we shall omit the savings from our calculation of the total reduction of Government's own expenditure.

(ii) The posts of Chief Inspector and two Inspectors and their technical and other establishments at headquarters were created in 1928-29. We hold that one of the three posts can be reduced, especially if our proposal in the next sub-paragraph is given effect to. In fact, we are informed that at present there are actually only two officers and not three on active duty, one post of Inspector being held in abeyance. A leave reserve of one officer for a total cadre of three is uneconomical. We therefore propose that one of the two Inspectors' posts should be definitely cut out, saving nearly 14 lakh.

(iii) We see no justification for keeping the inspecting staff with their technical and other establishments at the headquarters of the Government of India. Their proper place is at the ports. Such advice as Government need can be obtained from the ports or from the Nautical Adviser, if this post is retained at the headquarters of Government. Apart from administrative convenience this arrangement should prove economical, since the expenditure on travelling allowances would, to a certain extent, be reduced. Since they are recruited for permanent work at the ports no local, compensatory, house-rent or other allowance should be payable.

* These 14 are for lighthouse work on Bihar and Orissa coast.

(iv) Leaving out the provisions for contributions to the Depreciation and Reserve funds, and accounts and audit and pensionary and provident fund charges the expenditure may be set out as below :—

	1921- 22.	1924- 25.	1925- 26.	1926- 27.	1927- 28.	1928- 29.	1929- 30.	1930- 31.	1931- 32.
Direction . . . . .	..	..	..	..	..	..	1.08	1.60	1.43
Lighthouses	1.80	1.79	1.90	1.94	1.95	1.89	2.81	2.95	3.10
Lightships	1.84	3.00	6.53	9.09	4.86	3.37	2.20	2.37	2.36

We consider that expenditure has not grown unduly in the districts. Some growth was inevitable as a result of centralisation ; new expenditure had to be incurred in Madras and Bombay, where the service had previously been financed from the Madras Coast Light Fund and the Southern and Northern Group Port Funds. But, we feel that headquarters direction expenditure has, as shown below, grown rapidly since 1929-30, when the scheme of centralisation was brought into operation.

	1929-30.	1930-31.	1931-32.
Pay of Officers . . . . .	.34	.52	.54
Pay of Establishments . . . . .	.15	.23	.37
Allowances, etc, . . . . .	.16	.26	.27
Supplies (tools, etc.) . . . . .	.018	.012	.043
Contingencies miscellaneous . . . . .	.035	.040	.045

On our proposal in sub-paragraphs (ii) and (iii) some reduction on these items (except the first) should follow as a mere corollary. We think, a reduction of the whole provision for house-rent and hill-journey allowances and of ten per cent. in the expenditure on the other items is not excessive. In fact we think a larger reduction is indicated in the last three items, in which the growth of expenditure has been rapid. But, we shall keep to the ten per cent. Our proposal should yield savings as below :—

- (a) Pay of establishments .04, (b) Allowances Rs. 3,300 *plus* Rs. 2,410,
(c) Supplies and Services and Contingencies .01.

(v) The Public Works Department, Audit and Accounts Sub-Committee intimated to us that it had not taken up the question of construction of, and repairs to, lighthouse buildings and repairs to lightships. The position as it could ascertain from the Commerce Department was as below :—

New construction and improvement work in connection with lighthouse buildings have, so far, been carried out by the departmental technical staff under the supervision of the Chief Inspector. As regards repairs, the practice varies. In Bombay, Rangoon and Calcutta districts, repair is carried out through the agency of the Public Works Department, in Madras district the work is done departmentally under the supervision of the local Superintendent of Lighthouses, and in Aden and Karachi districts it has occasionally been carried out through the agency of the respective Port Trusts. In Aden even the agency of a private company

viz., the Perim Coal Company has sometimes been utilised. It has, however, been decided that in future heavy repairs in the Karachi district should be carried out through the Public Works Department.

Repairs to lighthouse machinery are carried out by the technical staff under the supervision of the Chief Inspector.

Repairs to the hulls of lightships are supervised by the Mercantile Marine Department.

We have considered the question whether any change is needed in the present practice with regard to (a) new constructions, (b) improvement and special repairs and (c) ordinary repairs to lighthouse machinery and lightships. This is a technical question and we are content to leave it to the department to introduce such modifications, if any, as appear to them necessary in the interests of economy.

(14) *Summary of savings*.—The total reduction of expenditure will be .25 lakh. It will be seen that this estimate leaves out of account the savings that will accrue from the proposals made by us in sub-paragraph (iii).

CHAPTER IX.

GRANT No. 64.—COMMERCIAL INTELLIGENCE AND STATISTICS (5·81 lakhs).

(1) *Historical*.—In April 1914 the Commercial Intelligence Department was sub-divided into two separate organisations, *viz.*, the Bureau of Commercial Intelligence and the Directorate of Statistics. In the interest of economy they were re-amalgamated from 1st December 1922, and the status of the Director of Statistics was reduced.

(2) *Functions*.—The Commercial Intelligence section collects and disseminates information likely to be useful to firms in India, especially the smaller ones, regarding India's overseas and internal trade—actual or potential. The Statistics section compiles and publishes various classes of statistics. The administration of the Commercial Library and Reading Room at Calcutta is also vested in this department.

The principal publications of this department are (i) Review of the Trade of India, (ii) Statement of the foreign sea-borne trade and navigation of British India, (iii) Indian Customs Tariff, (iv) Statistical Abstract for British India, (v) Agricultural Statistics, (vi) Estimates of area and yield of the principal crops and (vii) Indian Trade Journal. Many of the publications are annual, and a few are biennial or quinquennial. Crop forecasts and cotton press returns are issued at intervals of less than a year. The Trade Journal is a weekly; its principal features are (a) information regarding foreign tariff changes, (b) notices of tenders invited, and information regarding contracts placed by Government departments, (c) republication of Government orders and notifications on trade matters and (d) crop reports and forecasts.

The department works in co-operation with the Directors of Industries in the provinces, other Government departments, the Indian Trade Commissioner at London, His Majesty's Trade Commissioner in India, trade consular officers and other authorities interested in India's trade. A new development is the scheme of special Indian Trade Commissioners at Hamburg, Milan, New York, Alexandria, Mombasa and Durban.

(3) *Organisation and cost*.—The department is manned by four officers, *viz.*, a Director General (Rs. 2,300—50—2,500 *plus* overseas pay £13-6-8), two Deputies (one on the senior I. C. S. scale *plus* a special pay of Rs. 200 and the other on Rs. 950—1,500) and a Local Trade Intelligence Officer (Rs. 500—25—800). Officers' pay costs 81 lakh.

The ministerial establishment of 121 is estimated to cost 1·74 lakhs in luding the necessary provision for "honorary" trade correspondents at Rs. 50 p. m.

The inferior establishment consist of 36 servants and costs Rs. 7,600.

There are provisions of Rs. 4,500 and Rs. 800 for temporary and Caretaker's establishments. A small establishment of four is maintained at Bombay at a cost of Rs. 6,600 for the collection of statistics relating to the cotton industry.

So far, India has special trade representation at London and Hamburg only; this expenditure is not included in this grant but is shown in the High Commissioner's budget. An officer recently selected for the trade commissioner-ship at Milan is under training in India; his salary (Rs. 8,800 for 11 months) and travelling allowance (Rs. 1,000) are provided in this grant.

Additional staff estimated to cost Rs. 13,800 in 1931-32 was sanctioned in pursuance of the scheme, estimated to cost 2·26 lakhs a year (*viz.*, Rs. 13,800 for establishments and Rs. 2,12,100 for subsidies to railways and steamship lines), for the monthly and, in selected cases, weekly compilation of statistics of inland trade—canal and river-borne. But, this entire scheme has now been

held in abeyance. On the other hand, three other new schemes have been initiated during the current year and it is not proposed to hold them in abeyance. These schemes and the estimated cost of each are :—

- (i) Two additional clerks for compiling the statistics of the trade passing through the Kathiawar ports (Rs. 1,300).
- (ii) A Deputy Superintendent, one Assistant and 3 clerks for the improvement and extension of agricultural statistics (Rs. 7,800).
- (iii) Two temporary assistants for the analysis of the existing statistics bearing on the economic position and tendencies in India (Rs. 2,400).

(4) *Growth of expenditure—*

1913-14, 1913-12, 1924-25, 1925-26, 1926-27, 1927-28, 1928-29, 1929-30, 1930-31, 1931-32.
(budget.) (budget.)

Expenditure . . .	1.51*	2.97	3.04	2.47	2.43	2.67	2.96†	3.21†	3.26†	5.81
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*This 3.04 includes an arrear payment of .51 to three Local Governments.

†Including Rs. 35,000 for priced publications which are now supplied free.

The Director General's pay was revised in 1926 from the senior I. C. S. scale *plus* a special pay of Rs. 300 to Rs. 2,300—50—2,500 *plus* O. P. of £13-6-8. Since 1924-25 ministerial and inferior establishments have increased by 60 and 9 respectively, and their pay has been revised. The increased cost of "allowances, honoraria, etc.," is due to the grant of compensatory and house-rent allowances, and, to a very small extent, to the grant of the Lee concessions. On the other hand, the payments to railways, steamship lines and local Governments (apart from the inland trade statistics scheme) have decreased from .48 (net) to .25, in spite of the initiation of a new service costing .10, *viz.*, rail and river-borne statistics relating to raw cotton. In pursuance of the Cotton Industry (Statistics) Act of 1926 another new service has been undertaken; the 1931-32 provision for it is Rs. 8,000. Fresh items of expenditure included in the 1931-32 budget have been fully explained in paragraph 3.

(5) *Inchape and departmental proposals.*—The Inchape Committee proposed that the budget should be reduced from 4.80 to 2 lakhs. It was accordingly brought down to 2.12 in 1924-25, but the actual expenditure in that year was 3.04 including .51 for arrear payments.

The Commerce Department at first offered a saving of Rs. 12,155, but no portion of it is permanent. The department's view was that "no permanent saving can be proposed without giving up the new schemes sanctioned, after very careful investigation, for the improvement of statistics under various heads", and it added that it would strongly deprecate the permanent abandonment of the scheme for the revival of inland trade statistics.

Subsequently, the department offered to replace the Local Trade Intelligence Officer, when he retired, § by the officer at present under training for the trade commissionership at Milan. Further, the provision required for the newly appointed Deputy Director General, *viz.*, Rs. 1,500 a month would be less than the provision for the present I. C. S. officer. The Department thus offered a saving of .32 lakh under "Pay of officers". The omission of the extra establishment provided in the 1931-32 estimates would enable the cost of establishment to be reduced from 2.17 to 1.92 lakhs, after allowing for the accrual

§ He was due for superannuation in June 1931

of increments, and an additional saving of Rs. 2,000 would accrue under allowances. Besides, it offered to drop the scheme for the revival of inland trade statistics. The total reduction of expenditure offered would thus amount to 2.55 lakhs.

As regards the offer to keep the trade commissionership at Milan in abeyance, paragraph 6 (vii) of our proposals may be seen. We would further observe that the saving due to the appointment of a cheaper officer as Deputy Director, Commercial Intelligence, is automatic.

(6) *Our proposals.*—At a time of such acute financial stress all recent growth in this department except such as is clearly proved to be essential must be lopped off. We do not think that the Commercial Intelligence section should be closed down and only the statistics section maintained. We are satisfied that the relatively small expenditure on the former is justified by the services rendered to the trade, specially to the small firms. But, we hold that the department has been allowed to grow apace since 1924-25. Our proposals on the new activities will lead up to those relating to the staff.

(2) The following seem to be the new schemes sanctioned since 1924-25, viz —

- (a) 1925-26.—Scheme to strengthen the office by the appointment of two clerks. Average cost Rs. 1,875.
- (b) 1926-27.—(i) Strengthening of the office by the creation of four additional appointments of compilers and (ii) revision of pay of the stenographers. Average annual cost Rs. 4,400.
- (c) 1927-28.—Entertainment of two clerks in connection with the statistical returns of cotton goods and yarn produced in Indian mills. Immediate extra cost Rs. 1,310 ; average annual cost about Rs. 2,000.
- (d) 1927-28.—Creation of additional appointments of three Assistants two clerks, 1 Daftary and two peons for strengthening the office. Immediate extra cost Rs. 5,700 ; average cost Rs. 10,000.
- (e) 1927-28.—Revision of pay of the clerical staff. Immediate extra cost Rs. 4,000 ; average annual cost Rs. 25,000.
- (f) 1929-30.—Strengthening of the staff by the creation of one additional post in the Upper Division and two additional posts in the Lower Division and grant of a special allowance of Rs. 50 per mensem to the Assistant-in-charge of the Trade Journal. Immediate extra cost Rs. 2,970.
- (g) 1930-31.—An additional clerk for the revision of some statistical forms relating to sea-borne trade returns and customs duty. Immediate extra cost Rs. 700 and average Rs. 1,230.
- (h) Eight Honorary Trade Correspondents, six Assistants and four clerks for the analysis and improvement of the existing statistics illustrating or bearing upon the economic condition of, and tendencies in, India. Immediate extra cost Rs. 13,600. We should, however, add that these eight Honorary Trade Correspondents were, in fact, never appointed.
- (i) 1930-31.—Four additional peons. Immediate cost Rs. 700.
- (j) 1931-32.—(i) Inland trade statistics—rail and river-borne, (ii) Statistics of trade passing through Kathiawar ports, (iii) Improvement and extension of agricultural statistics, (iv) Extension of scheme (h).

Out of the schemes mentioned above we think only (b) (i), (c), (e) and (j) (ii) should be maintained. Some of the others merely represent a

reversal of the retrenchment effected before and after the enquiry by the Inchcape Committee. The savings from the cancellation of three of the 1931-32 schemes will be 2.36 lakhs. As regards savings from the cancellation of the schemes sanctioned in earlier years, we shall lump them with the savings proposed by us in sub-paragraph (iv). It will be seen that our proposal in that sub-paragraph will still enable some of these schemes to be alive.

(ii) When the present incumbent gives up charge, the head of the Department may be designated Director and not Director General. Although the change of name does not necessarily involve immediate reduction of expenditure, in this particular case it will, we think, be distinctly helpful in connection with the revised scale of pay which may be fixed for this post.

For managing the reduced activities we consider that two officers, *viz.*, the Director General and a Deputy should be sufficient. The post held by the I. C. S. Deputy should be abolished, and not merely replaced by a cheaper appointment. The savings on pay alone will be Rs. 20,100.

If necessary, one of the Superintendents with some aptitude for intelligence work might be designated as Assistant Director General and paid a small special pay of, say, Rs. 50 for increased work and responsibility.

We may here observe that in 1913-14 this department had the following officers, *viz.*, a Director (on Rs. 2,000), an Assistant Director (on Rs. 900) in charge of statistics and a Personal Assistant (on Rs. 500).

(iii) We are not satisfied that a Local Trade Intelligence Officer at Calcutta is necessary. We observe that there is no such officer at any of the other commercial centres; the need for maintaining one at the headquarters of the department cannot be greater than, *e.g.*, at Bombay. This post should be abolished. The Deputy and the Assistant Directors should be able to keep the department in touch with local commercial interests. Savings Rs. 9,600 (pay) *plus* Rs. 500 (compensatory allowance) or say, Rs. 10,000. The present incumbent was due for superannuation in June 1931.

(iv) The establishments should be reduced by one-tenth, saving 20 lakhs.

We may add that even under this proposal the department will still have a ministerial establishment of 109 (against 86 in 1913-14 and 82 in 1924-25) and a menial establishment of 32 (against 25 in 1913-14 and 29 in 1924-25). In this connection it should also be remembered that in sub-paragraph (i) we have proposed the cancellation of certain schemes initiated or revived since 1924-25.

(v) Since the staff is recruited for work at Calcutta, the concession of compensatory and house-rent allowances should be abrogated. Out of the provision of Rs. 6,000 we estimate that about Rs. 5,000 will be saved.

The provision for travelling allowances may be reduced from Rs. 5,700 to Rs. 4,200, saving Rs. 1,500.

Under Contingencies the provisions of Rs. 2,000 for furniture and Rs. 4,500 for postage, etc., may be reduced so as to save Rs. 2,000. Curtailment of activities as proposed by us in sub-paragraph (i) will enable this saving to be effected without serious difficulty.

(vi) We agree that the Trade Journal should be maintained. It has, in a sense, been "self-supporting" for many years. But the heavy loss of one year of trade depression (1929-30) was enough to wipe out the "profits" (so-called) of the preceding three years. Though the accounts for 1930-31 are not available, the results are likely to be little better, perhaps worse, than

hose for 1929-30. We observe that the "costing" ignores numerous important items of expenditure in commercial accounting. The questions of reducing the cost of production and increasing the price are under the Commerce Department's consideration. Hence all we need say is that a due share of all overhead and other expenditure, as understood in commercial accounting, should be included in the cost of production.

(vii) We cannot support the Commerce Department's decision to hold up the further progress of the scheme of special Indian trade commissionerships; commercial opinion is strongly in favour of the scheme and the benefit to India's trade through the direct trade relations, which the scheme will help to establish, will be adequate return for the expenditure involved. We urge that this scheme should be given priority over any of the schemes mentioned in sub-paragraph (i), if and when it is found feasible to enlarge the grant for this Department.

We have examined the scales of pay proposed for these posts. Except for New York, they appear to us unduly liberal. The officers to be appointed in the future and if possible even the officer selected for the Milan post should be put on the revised scales which may be fixed after an examination of the general question relating to pay, etc.

While we cannot give an estimate of the financial effects of this recommendation, it is clear that the 1932-33 budget will be reduced by Rs. 9,800, unless the training of the officer selected for Milan has to be continued or a new officer is selected for another trade commissionership.

(viii) Although we have for the present agreed to the Department's proposal to drop the scheme for internal trade statistics, we wish to make it clear that we have done so with considerable reluctance and only in view of the very difficult financial situation facing Government. We trust it will soon be possible for the Department to revive the scheme.

(7) *Summary of savings.*—On our proposals the immediate reduction of expenditure will be 2·86 and ·10 more when the officer selected for the trade commissionership at Milan is appointed to that post. So far as this grant is concerned, we have left out of account the additional expenditure which will be incurred when, *in pursuance of the present accepted policy*, effect is given to our proposal in paragraph 6 (vii).

CHAPTER X.

GRANT No. 65.—CENSUS (33·89 lakhs).

(1) *Explanation of grant.*—The decennial census (enumeration) of India was duly carried out in March 1931. The post-enumeration work, *viz.*, the abstraction and compilation of statistical information is in progress and is expected to go on during 1932-33. The work is in charge of the Census Commissioner.

The total estimated cost is 58·55 lakhs. Of this 27 lakh was incurred in 1929-30 and 14·22 lakhs was the revised estimate for 1930-31. The amount provided in the current budget is 33·89 lakhs (*i.e.*, 6·02 for superintendence, 53 for enumeration, 25·75 for abstraction and compilation, 53 for miscellaneous staff and 1·06 for printing and stationery). 10·17 lakhs was originally estimated for the completion of the census operations in 1932-33. This estimate is now 9·75 lakhs.

In April 1931 the Finance Department reduced the 1931-32 budget provision by 5·74 lakhs, but later agreed to reduce this figure to 2·11 lakhs. It now appears probable that in place of this 2·11 lakhs the actual reduction effected will be only about a lakh.

(2) *Proposals.*—(i) The Census Commissioner has told us that census work is well ahead of the programme and that compared with the last census substantial saving of time is expected. Since the operations started, he has agreed to omit certain forms. Thus, compared with the last census, this census is expected to be carried out cheaply and expeditiously. We agree that it will be false economy to insist on any reduction of expenditure which will cause delay in the completion of the operations.

(ii) We consider that a special pay of Rs. 500 for the Census Commissioner is excessive, but since the work is likely to be completed by the end of 1932-33 we refrain from proposing that it should be reduced. At the same time we would like a note to be made that in connection with future census operations the special pay should not be pitched so high.

(3) *Summary.*—The present estimate of 9·75 lakhs for 1932-33 may remain unaltered. Even then there will automatically be an improvement in the budget position of 1932-33 by about 24·14 lakhs.

CHAPTER XI.

GRANT NO. 66.—EMIGRATION—INTERNAL (·47 lakhs).

(1) *Explanation of grant.*—Under the existing constitution inter-provincial migration is a central subject, the administration of which rests mainly with Local Governments acting as the agents of the Government of India. Except in regard to migration to the eight labour districts of Assam, inter-provincial migration of labour in India is unrestricted. The law regulating migration applies at present to the following provinces—Madras, Bengal, United Provinces, Bihar and Orissa, Central Provinces and Assam. There are no restrictions on migration to Burma. But the Local Government have appointed (i) one of their officers (Director of Statistics and Labour Commissioner, Rangoon) to be the Protector of Immigrants and Emigrants, and (ii) also a whole-time Assistant Protector charged with the duty of seeing to it that deck passengers are not subjected to unnecessary hardships on arrival at, or departure from, Rangoon.

(2) *Organization and cost.*—The 1931-32 grant is Rs. 47,000. (i) Out of this, Rs. 6,000 represents the fixed contribution of Rs. 500 p. m. made by the Government of India towards the salary of the Chairman, Assam Labour Board. (ii) Administration and medical establishments in Assam cost Rs. 8,700 and Rs. 9,900 respectively, and other expenditure amounts to Rs. 4,100. On the other hand, the Assam Government make a contribution of Rs. 4,700 towards the cost (Rs. 8,700) of the administrative establishments. (iii) For Bengal there is a provision of Rs. 9,000 for two Assistant Superintendents of Emigration at Goalundo and Asansol, two Assistant Superintendents (non-gazetted) at Naihati and Kharagpur, a clerk, five servants and other expenditure. (iv) The provision of Rs. 1,000 for Madras only covers the pay and leave salary of two clerks. (v) Of the total provision of Rs. 13,000 for Burma, the Government of India's share of the cost of Protector is Rs. 4,000. The whole-time Assistant Protector of Immigrants and Emigrants costs Rs. 7,200. The rest of the Burma grant covers the pay of two servants, conveyance allowance of Rs. 600 and some miscellaneous expenditure.

(3) *Growth of expenditure.*—Expenditure on “internal emigration” has varied as below :—

1913-14.	1921-22.	1922-23.	1924-25.	1929-30.	1931-32.
·71*	1·00	·90	·53	·43	·47

*An approximate figure arrived at by a division of total expenditure on emigration—both internal and external—in the 1922-23 proportions.

(4) *Department's proposals.*—Originally the Department of Industries and Labour offered savings of Rs. 3,355. It is not easy to ascertain which portion of this offer represented permanent reduction of expenditure. Subsequently the Department offered a reduction of Rs. 15,800 mainly by omission of the current year's provision of Rs. 13,000 for internal emigration under Burma.

(5) *Our proposals.*—(i) As regards Burma, the entire position was reviewed by the Royal Commission on Labour. They found that the appointment of the Protector “apparently arose out of a temporary situation connected with the over-crowding of deck passengers”. They considered the position unsatisfactory and recommended the appointment of a whole-time Protector with statutory powers to enter industrial establishments employing Indian

labour. Now that the Government appear to have taken their decision on this point, we recommend that the department's offer to save Rs. 13,000 under this head be accepted.

(ii) As regards Assam, the Government of India contribute Rs. 6,000 towards the pay of Chairman, Assam Labour Board. They also maintain certain administrative establishments in Assam (consisting of nine clerks and six servants) at a total cost of Rs. 8,400 *plus* Rs. 300. Even after deducting the Assam Government's contribution of Rs. 4,700, the amount which is to be met out of central revenues is Rs. 4,000, this being approximately equivalent to the pay of eight clerks at the rate of Rs. 40 per mensem. The medical staff consists of two sub-assistant surgeons and a compounder; they are employed at debarkation depots for emigrants at Gauhati and Tezpur. These depots passed nearly 60,000 and 5,000 emigrants respectively during the twelve months ending June 1930. Considering the disproportion between medical work at Gauhati and that at Tezpur, it may be possible to abolish the post of sub-assistant surgeon at Tezpur. The Assam Government may be called upon to make arrangements for medical inspection of steamers carrying emigrants, quarantine, disinfection, hospital for infectious diseases, rest houses for labourers and the arrangements for their feeding. In the absence of detailed information and the views of the Assam tea industry, we are not at present in a position to make a specific recommendation that the whole or any part of this cost should, on the analogy of the cess paid by that industry for the maintenance of the Assam Labour Board and its contribution towards the cost of the immigration hospital, be recovered from it. We propose that this question may be examined. For the present we are content to recommend the acceptance of the departmental offer to save Rs. 2,800 on the rest of the grant for internal emigration. We hope, however, that the reduction will not in any way weaken the vigilance exercised by Government in the interests of the welfare of the Indian labourer emigrating to Burma and Assam.

(6) *Summary of Savings*.—Rs. 15,800 = 16 lakh.

CHAPTER XII.

GRANT NO. 68.—JOINT STOCK COMPANIES (1.43 lakhs).

(1) *Functions and Organisation.*—This Department is charged with the performance of statutory duties under the Indian Companies Act (VII of 1913). Generally speaking, the Local Governments act as agents for the Government of India. Except for a Registrar and an Assistant Registrar for Bengal, a Registrar for Bombay, and an Assistant Registrar at Madras, no officer is paid direct by the Government of India. In most provinces, however, the Government of India maintain special establishments for this work. The following table sums up the present arrangements and their cost :—

Province.	Officers.		Establishments.		Allowances, etc.	Contingencies.	Payments to local Govts.	Total Expenditure.	Receipts.	Surplus (+) or Deficit (—).
	Number.	Cost.	Number.	Cost.						
Bengal	2	21	23	12	001	04		37	1 00	+ 63
Madras	1	04	12	09	03	01	15	32	35	+ 03
Bombay	1	19	10	10	01	08		38	35	— 03
U. P.			6	05			09	14	10	— 04
Punjab		03	4	03	01	01		08	16	+ 08
Burma			3	03		02	03	08	08	Nil
B. and O.						01		01	04	+ 03
C. P.			1	03	001	042		03	03	Nil
Assam			1	02		003		02	05	+ 03

(2) *Expenditure and receipts.*—Including charges and receipts in the minor administrations the expenditure and receipts of this department have been as below :—

	1921-22.	1924-25.	1926-27.	1929-30.	1931-32.
Expenditure	1 30	1 35*	1 44	1 29	1 43 *Including arrears of '09 and '05 paid to Madras and Punjab.
Receipts	2 02	1 56	1 78	2 39	2 16

The growth of expenditure is mainly due to the payment, since 1924-25, of establishment charges to the Government of Burma and to the accrual of normal increments.

For India as a whole, though not for each individual province, receipts have always exceeded the expenditure.

(3) *Departmental proposals.*—Commerce Department has proposed a saving of Rs. 7,130 including (a) Rs. 1,050 not required because this amount merely represents excess budget provision due to mere rounding off of figures for budget purposes and (b) Rs. 6,080, of which only a small portion is claimed to be of a permanent character. The department's view is that as the expenditure is at present more than covered by fees, it would be necessary to make a reduction in fees, if the expenditure were reduced to any considerable extent.

(4) *Our proposal.*—We do not share the department's view mentioned above. Since there always has been a surplus of receipts over expenditure, we see no reason why in the interests of their own financial position Government should not try to enlarge it. We understand that the Registrar at Bombay is a part-time officer, his other duty being that of Administrator-General, Bombay. His salary as Registrar is Rs. 1,200—50—1,800. In Bengal, on the other hand, the whole-time Registrar gets only Rs. 800—50—1,200. We cannot see the reason for this wide divergence between the Bombay and the Calcutta scales of pay, and recommend that the Bombay post should be placed on the Calcutta scale as soon as practicable. The saving will then be about Rs. 9,000.

(5) *Summary of savings.*—Rs. 09 lakh.

CHAPTER XIII.

GRANT No. 69.—MISCELLANEOUS DEPARTMENTS (6·57 lakhs).

(1) The following portions of this grant for which provisions exist in the 1931-32 budget were not dealt with in the first part of our Interim Report, *viz.* :—

B.—Examinations.

D.—Controller of Patents and Designs.

E.—Actuary to the Government of India.

G.—Miscellaneous—Bushire Coal Depot.

I.—Courts of Enquiry and Boards of Conciliation constituted under the Trade Disputes Act, 1929.

We shall now deal with these *seriatim*.

B.—*Examinations.*

(2) The total provision for 1931-32 is Rs. 69,100 and is accounted for as follows :—

- (I) India—Public Service Commission (Rs. 64,000) and India—Bengal (Rs. 100). (II) Madras (Rs. 1,000). (III) Bombay (Rs. 1,000). (IV) United Provinces (Rs. 1,000). (V) Punjab (Rs. 1,000). (VI) Burma (Rs. 1,000).

The provisions shown against the provinces are intended to meet the travelling allowance of the members of the Selection Committees and contingent expenditure in connection with the examination for recruitment to the Indian Police Service in India.

(3) A permanent reduction of Rs. 14,000 has been offered by Home Department and we recommend its acceptance. In this connection our observations on the grant for the Public Service Commission may be seen.

D.—*Controller of Patents and Designs.*

(4) *Functions.*—This office is a statutory institution under section 55 (1) of the Indian Patents and Designs Act of 1911. Its principal function is to examine applications for patents in accordance with the provisions of Section 5 of that Act. Fees are charged for the service rendered to the public.

(5) *Organisation.*—The office is manned by seven officers, *viz.*, a Controller (pay, Rs. 1,000—50—1,500) and six Examiners (pay, Rs. 300—25—800). The establishments consist of a Superintendent, 21 clerks and 17 servants.

The Controller gets a compensatory allowance of Rs. 100 per mensem and one of the Examiners gets a special pay of Rs. 100 per mensem.

(6) *Cost and its growth.*—Of the total 1931-32 provision of Rs. 98,200 the pay of officers and establishments absorb Rs. 44,200 and Rs. 39,100 respectively. The other provisions are Rs. 900 for travelling allowance, Rs. 1,20 for compensatory allowance to the Controller, Rs. 7,000 for the printing of specifications and Rs. 5,800 for contingencies.

The following tables show the growth of (a) receipts and expenditure, and of (b) staff, (c) scales of pay and (d) expenditure on the detailed heads. An analysis of the principal reasons for the growth of expenditure has also been given—

(a) *Receipts and expenditure.*

	1914.	1922.	1924.	1926.	1927.	1928.	1929.	1930.	1931.
Receipts	·75	1·39	1·30	1·49	1·58	1·78	2·04	2·05	2·10
Expenditure	·40	·50	·50	·64	·64	·74	·83	1·03	·98
Net Profit	·35	·81	·80	·85	·94	1·04	1·21	1·02	1·12

(b) *Growth of staff.*

	1913-14.	1922-23.	1924-25.	1929-30.	1930-31.	1931-32.
Controller	1	1	1	1	1	1
Examiners	Nil	2*	3*	3	6	6
Ministerial	7	10	12	14	22	22
Servants	7	11	12	13	17	17

*They were then called Assistant Examiners.

(c) *Scales of pay of officers.*

	1913-14.	1924-25.	1930-31.	1931-32.
Controller	1,400—1,800	750—50—1,200	1,000—1,500	1,000—1,500
Examiners	Nil	300—750	250—750	300—25—800

(d) *Expenditure (in lakhs) under detailed heads.*

	1913-14.	1922-23.	1924-25.	1929-30.	1930-31.	1931-32.
Pay of officers	} 40	·24	} 41	·26	·36	·44
Pay of establishments		·22		·33	·38	·39
Allowances		·01		·02	·02	·02
Printing charges		·06	·05	·24	·28	·07
Contingencies		·05	·04	·06	·08	·06
Total gross expenditure	·40	·58	·50	·90	1·12	·98

It will be seen that the principal reasons for the recent growth of expenditure (against which there has been a growth of receipts also) is the growth of staff necessitated by an increase in the number of applications and the decision to tighten up the procedure relating to the examination of applications so as to bring it into line with British procedure. The scales of pay for the officers

were also revised. We must also observe that in the light of the actuals of previous years, we fear the actual expenditure on printing will perhaps exceed the budget provision of Rs. 7,000.

(7) *Departmental proposals.*—The Department of Industries and Labour claims that this office was never intended to be a revenue-earning office. Hence, no savings were at first offered. Subsequently however it offered to keep the 1932-33 budget down to the 1931-32 level in spite of the inevitable growth due to the accrual of annual increments. This amounts to an offer to effect a saving of Rs. 3,025.

(8) *Our proposals.*—(i) We do not accept the department's claim that this office was never intended to be a source of revenue. The figures given in table (a) above show that there has always been a net surplus. We do not see why the surplus should not be made as large as possible without raising the fees charged to the public. We may here add that the full cost (including pensionary charges) are not included in the figures given above.

(ii) We see no reason why the compensatory allowance of Rs. 100 p. m. to the Controller, which was sanctioned in 1926 when the Controller's pay was on the scale of Rs. 750—50—1,200, should be continued. The Controller's scale of pay was only recently substantially raised and on 1st April 1932 his actual pay will be Rs. 1,100. The entire staff is recruited for work at Calcutta and therefore the cost of living at Calcutta is not quite a relevant argument. In our opinion this allowance should be abrogated.

(iii) Similarly we see no reason why one of the Examiners should get a special pay of Rs. 100 p. m. Their scales of pay were also raised only recently. We observe that the special pay was granted in lieu of the creation of a post of Assistant Controller. We cannot accept this as a valid ground and can see no justification whatever for it. In our opinion it should be abrogated.

(iv) We further hold that the staff has grown with undue rapidity even after making allowance for the increased work resulting from the recent amendment of the law. We think the number of officers, clerks and servants can all be reduced to a certain extent without prejudice to the service rendered to the public. The department agrees that one officer's post can perhaps be reduced, and we propose that it should be reduced. Saving will be about Rs. 5,000. We have examined the department's case in justification of the existing number of servants and have not found it altogether convincing. We propose that two clerical posts and two posts of servants should be abolished. On these proposals the savings will be Rs. 3,000 and Rs. 400 respectively.

(v) Contingencies should be reduced by ten per cent., saving Rs. 580.

(9) *Summary of savings.*—On our proposals the total reduction of expenditure will be Rs. 11,380 or say • 11 lakh.

E.—Actuary to the Government of India.

(10) *Function and Organisation.*—The Actuary's function is to do actuarial work on behalf of the Government of India in relation to postal and other departments and in connection with the administration of the Indian Life Assurance Companies Act (VI of 1912) and the Indian Insurance Companies Act (XX of 1928). The office consists of an Actuary (pay, Rs. 1,300) and an Assistant Actuary of non-gazetted status (pay, Rs. 300).

The ministerial and other establishment forms a part of the Commerce Department. •

(11) *Expenditure*.—The scales of pay for officers and total expenditure on the Actuary's office have varied as below :—

	1913-14.	1921-22.	1924-25.	1929-30.	1931-32.
(a) <i>Scales of pay.</i>					
Actuary	1,750	2,000	2,000	2,000	1,300
Assistant Actuary	Nil	500	500—550	300	300
(b) <i>Expenditure.</i>					
(i) Pay of Officers	·20	·24	·30	·31	·15
(ii) Pay of establishment	·06	·06	·01	·01	·04
(iii) Other charges	·01	·02	·02	·01	·02

(12) *Proposals*.—(i) No reduction has been proposed by the Actuary or the Commerce Department. Considering that the budget of Rs. 20,900 consists of Rs. 19,100 for the pay of the Actuary and his Assistant, and Rs. 800 for travelling and Rs. 1,000 for hill-journey allowances, there is very little scope for retrenchment.

(ii) We have considered the question whether the Assistant Actuary should be retained. Our conclusion is that his post cannot be abolished.

(iii) In our opinion, however, the Actuary's office should be located at Delhi along with the Commerce Department or a part of it. His duties do not appear to us to render it necessary that his office should move up and down with the Government of India. This will yield a saving of Rs. 1,000.

G.—*Bushire Coal Depôt.*

(13) The recoveries, *viz.*, Rs. 2,000, exceed the expenditure (Rs. 400 pay of Tindal and Rs. 700 for rent of godowns) by Rs. 800. We have no proposals to make.

I.—*Courts of Enquiry and Boards of Conciliation.*

(14) *Explanation*.—The 1931-32 provision is only Rs. 500, *viz.*, Rs. 300 for allowances and Rs. 200 for other charges. The actual expenditure in 1929-30 was Rs. 6,643, *viz.*, Rs. 3,585 for "officers", Rs. 981 for establishments, Rs. 1,536 for allowances and Rs. 541 for other charges. The budget for 1930-31 was Rs. 10,000.

When such a body is set up, fees and travelling allowances for the Chairman and members, expenses for witnesses and the cost of the establishment are found by Government. Whether it will be necessary to set up a Court of Enquiry or a Board of Conciliation in 1932-33 and subsequent years cannot be known beforehand. Hence, the only question we could usefully investigate was whether any modification of the terms on which the members are appointed to serve on such bodies is needed. We have been informed that there is no hard and fast rule governing such terms. In the past no Court of Enquiry was set up, but in 1929-30 one Board of Conciliation was appointed. Its Chairman

was a retired judge of the Calcutta High Court and he was given Rs. 50 per diem. A daily allowance of Rs. 15 was paid to each of the other two members nominated by the parties to the dispute.

(15) *Proposals*.—We do not know the terms on which the members of the recently constituted court of enquiry into the dispute between the Railway Board and the All-India Railwaymen's Federation over the question of staff retrenchment have been appointed. But, judging by the terms on which the members of the Board of Conciliation constituted in 1929-30 were appointed, we have no proposals to make.

Summary of savings on the grant.

(16) On our proposals relating to items B, D, E, G, and I of this grant, the savings will be 26 lakh as below :—

Rs.
14,000—B.—Examinations.
11,380—D.—Patents and Designs.
1,000—E.—Actuary.
Nil —G.—Bushire Coal Depôt.
Nil —I.—Courts of Enquiry and Boards of Conciliation.
<hr/> 26,380 <hr/>

CHAPTER XIV.

GRANT NO. 71.—CURRENCY (50·25 lakhs).

(1) *Explanation of grant.*—This grant of 50·25 lakhs may be set out as follows :—

(i) Controller of Currency and the two Deputy Controllers at Bombay and Calcutta and their offices	4·22
(ii) Reserve for temporary establishment	1·00
(iii) Cost of currency note forms	17·80
(iv) Cost of maintaining the seven currency offices	16·82
(v) Currency Note Press	·03
(vi) Remittance of Treasure [Railway freight (4·33), police escorts (1·69), other charges (4·22)]	10·24
(vii) Works	·13
(viii) English charges on stores	·01

(2) *Functions.*—The Currency Department is charged with the

- (i) purchase, sale, import and export of silver and purchase and export of gold for Government,
- (ii) issue and sale of treasury bills and telegraphic transfers on London and remittances to the Secretary of State,
- (iii) watching of treasury balances and Government reserves and their distribution,
- (iv) issue and sale of Government loans,
- (v) questions relating to currency notes,
- (vi) remittance of treasure, and
- (vii) withdrawal of coin.

(3) *Organisation and cost.*—(a) The Controller's Office at Calcutta consists of the Controller (pay, Rs. 3,000—3,500), a Deputy Controller (pay, Rs. 1,500—1,800) and a Personal Assistant to the Controller (pay, Rs. 650). The establishment numbers 86.

The Bombay office is in charge of a Deputy Controller whose duties are more responsible than those of the Deputy at Calcutta and include those of a local intelligence officer. His pay is Rs. 2,000—2,500. He is assisted by an Assistant Currency Officer (pay, Rs. 500—850) and an establishment of 30.

The cost of these two controlling offices is as below :—

	Officers.	Establishments.	Allowances.	Contingencies.	Total.
Calcutta	·74	1·60	·25	·42	3·01
Bombay	·40	·47	·15	·19	1·21

(b) There are in all seven Currency Offices, each in charge of a Currency Officer. Their staff and cost are as follows :—

	Calcutta.	Bombay.	Madras.	Rangoon.	Lahore.	Cawnpore.	Karachi.	Total.
Number of Officers	1+2	1+2*	1	1	1+1	1+1	1	7+6
Number of Establishments†	• 538	258	170	134	123	107	37	1,367
Total cost (lakhs)	6.03	3.46	1.93	1.91	1.49	1.41	.59	16.82

In the currency offices the strength of the establishment on the treasurer's side is determined automatically.

(4) *Growth of expenditure.*—Comparison with the figures of previous years is vitiated by many factors, as the following illustrative table in which certain items included in the totals are separately shown :—

	1913-14.	1924-25.	1929-30.	1931-32.
Total expenditure	35.64	57.49	44.18	50.25
Stores	18.94	21.54	8.87	.01
Press	Nil	Nil	4.58	.03
Currency note forms	Nil	Nil	Nil	17.80
Remainder	16.70	35.95	30.73	32.45

If these items with their violent fluctuations due to changes of policy (e.g., the decision to manufacture currency notes in India) or of methods are excluded, the figures (last line of the above table) would give a better idea of the growth of expenditure. A still more reliable comparison can be made with the help of the figures of expenditure on certain selected items in respect of which policy or methods have not changed much. These are—

	1921-22.	1924-25.	1929-30.	1931-32.
(i) Controller, Deputies and their offices	3.41	3.78	3.82	5.22‡
(ii) Currency Offices	16.35	15.41	17.30	16.82
(iii) Remittance of Treasure	7.40	8.01	9.73	10.24
(iv) Contingencies . . . . .	.64	1.44§	1.74	1.70

It should, however, be noted that the one-rupee note the handling of which had resulted in a very large increase of work in the currency offices was discontinued in 1926 and that since 13th June 1931 notes of the Rs. 500 and Rs. 1,000 denominations are universal.

(5) *Departmental proposals for economy.*—Neither the Controller nor the Finance Department at first offered any permanent retrenchment. But, later the department decided to give a trial to the re-issue of at least 25 per cent. of old notes received in the Currency offices. Uptil now the practice has been

*Issue Officer and Coin Officer.

†Viz., Treasurers, superintendents, caretakers, tellers, shroffs, stenographers, clerks, etc.

‡Includes 1.00 as reserve for temporary establishment.

§This figure is approximate.

to issue only unissued notes. The financial effect of this change of practice is expected to be as below (savings are shown as +) :—

(i) Saving in the cost of new note forms	+4.45
(ii) Cost of 82 men owing to a net reduction in the rate of examination	—95
(iii) Saving in sorting, listing, etc.	+10
(iv) Deduct for disappearance of present profit from manufacture of note forms owing to smaller outturn	—2.00
Net Total	+1.60

At a later stage of our enquiry, however, Finance Department offered to effect the following economies on the "average cost" basis, viz. :—

	Savings. Rs.
(a) Abolition of the posts of 1 Assistant Superintendent and 4 clerks in the office of the Controller of the Currency, Calcutta	16,200
(b) Abolition of the post of the Assistant Currency Officer at Cawnpore by retiring the seniormost Assistant Currency Officer	8,160
(c) Abolition of the post of a clerk on the Treasurer's branch of the Cawnpore Currency Office	900
(d) Abolition of the post of a clerk on the general branch of the Cawnpore Currency office	900
(e) Abolition of the post of a clerk in the Treasurer's branch of the Lahore Currency Office	900
(f) Abolition of the post of 1 Assistant Treasurer, 2 Tellers, 21 clerks and 5 shroffs on the Treasurer's branch of the Calcutta Currency Office	37,000
(g) Abolition of 4 posts of clerks on the general branch of the Calcutta Currency Office	5,000
(h) Abolition of the posts of 1 Assistant Superintendent, 6 clerks and 1 peon on the general branch of the Madras Currency Office	3,688
(i) Abolition of the posts of 2 Assistant Treasurers, 1 Teller and 8 Note Examiners on the Treasurer's branch of the Madras Currency Office	14,508
(j) Abolition of the post of 2 shroffs in the Rangoon Currency office (lying vacant for a long time) . . . . .	..
(k) Reduction from the whole-time Currency Officer to a half-time Currency Officer (Rangoon)	4,800
(l) Abolition of the post of 4 clerks on the general branch of the Bombay Currency office lying vacant for a long time . . . . .	..
(m) Abolition of 1 post of clerk on the general branch of the Bombay Currency Office, which has recently fallen vacant	1,200
(n) Abolition of 3 posts of clerks on the Treasurer's branch of the Bombay Currency Office	3,600
(o) Abolition of the post of 1 Assistant Superintendent on the general branch of the Bombay Currency Office	2,400
(p) Abolition of the post of 1 clerk on the Treasurer's branch of the Karachi Currency Office	960
(q) Abolition of the post of two clerks and one peon of the office of the Deputy Controller of the Currency, Bombay	3,540
(r) Lump provision in the Controller of the Currency's budget for temporary establishment	50,000
(s) Reduction of the rent payable to Imperial Bank of India on account of Deputy Controller of the Currency, Bombay's office accommodation	900
(t) Non-acceptance of house-rent allowance by Mr. Shankar Rau as Deputy Controller of the Currency, Bombay . . . . .	..
(u) Non-acceptance of the full rate of house rent allowance by the Assistant Currency Officer attached to the office of the Deputy Controller of the Currency, Bombay	700
Total	1,60,426

(6) *Proposals.*—(i) We recommend that Finance Department's offer be accepted. But we observe that the savings on establishments as calculated by them are on the "average cost" and not the "immediate reduction" basis. We assume that the budgetary position for 1932-33 will improve by approximately the same amount as the saving offered and further by the saving of 1·60 lakhs on the re-issue of currency notes. In this connection we repeat our general recommendation that no house-rent and compensatory allowances should be paid to staff that is recruited for work at a particular station even if it be an expensive one. In the course of its oral evidence Finance Department told us that since these allowances form part of a general scheme sanctioned in 1924 they can be abolished, provided they are abolished for all. For the present, however, we have adopted a general principle the scope of which is limited to staffs recruited for local work or work at only expensive stations. Such allowances should therefore be abrogated. Further, we think house-rent should be charged on the usual lines for all residential accommodation provided by Government in conjunction with the currency offices, whether to officers or to establishments.

(ii) The departmental offer does not contemplate any reduction of the number of currency offices or officers. We agree that the number of currency offices should not be reduced. In our opinion, however, the Calcutta staff, *viz.*, one Controller, one Deputy Controller and one Personal Assistant for headquarters and one Currency officer and two Assistant Currency officers, in all six, is excessive, and we recommend the abolition of one post of Assistant Currency Officer or its equivalent. This will yield a saving of ·09 lakh.

(iii) (a) The departmental proposal takes account of the estimated saving of 4·45 lakhs in the cost of new note forms; hence we make no proposal in regard to the provision of 17·80 lakhs in the 1931-32 budget.

In this connection we also invite attention to Chapter V, particularly to para. (5) thereof.

(7) *Summary of savings.*—On our proposals the reduction of this grant will amount to 3·30 lakhs *plus* the saving from our proposal in sub-paragraph (i) regarding house-rent and other allowances. We are not in a position to give a precise estimate of the latter.

CHAPTER XV.

GRANT NO. 72.—MINT (27·72 lakhs).

(1) *Explanation of the grant.*—The budget provision of 27·72 lakhs includes 7·30 for the Calcutta Mint, 7·99 for the Bombay Mint, 8·60 for loss on coinage, 2·79 for the purchase of local and 1·04 for that of English stores. There is also a provision of £3,000 for sterling overseas pay and leave salaries.

The budget for each mint may be analysed as below :—

	Ordinary establishments.				Operative establishments.		
	Officers.	Mint.	Bullion.	Assay	Permanent.	Extra.	Allowances.
Calcutta . .	·65	·637	·345	..	·65	2·40	·085
Bombay . .	·78*	·522	·655	·25	1·005	1·30	1·033
Total .	1·43	1·159	1·000	·25	1·655	3·70	1·118

	Supplies and Services.	Rent, etc.	Contingencies.	Local Stores.	Total.
Calcutta . .	·022	1·976†	·535	1·25	8·55
Bombay . .	·141	..	2·297	1·54	9·53
Total .	·163	1·976	2·832	2·79	18·08

*Includes ·45 for Assay Office.

†Includes 1·562 for rent for accommodation supplied by the Public Works Department.

(2) *Organisation.*—Each Mint is in charge of a Mint Master (pay, Rs. 2,000—200—3,000 *plus* O. P. £13-6-8). There is also a Deputy Mint Master (Rs. 1,000—1,500 *plus* O. P. £13-6-8), who is utilised as a leave reservist wherever wanted. An Artist-Engraver (Rs. 750—1,000) is also employed at Calcutta; he works for both the Mints. The permanent establishments number 83 at Calcutta and 89 at Bombay.

The Assay Office is maintained at Bombay and is manned by an Assay Master (Rs. 1,400—1,800 *plus* O. P. £13-6-8) and two Deputies (Rs. 600—1,200). The Assay office establishment consists of 4 clerks and 29 servants.

Compensatory and house-rent allowances are granted to the staff under the usual scheme. In Calcutta rent-free quarters are available for many members of the staff whereas in Bombay house-rent allowances are paid.

(3) *Expenditure, receipts and net revenue—*

(2) <i>Expenditure—</i>	1913-14.	1921-22.	1924-25.	1928-29.	1929-30.	1930-31.	1931-32.
Establishments, etc., at Calcutta	4.20	3.17	3.36	4.87	7.18	6.75	7.30
Establishments, etc., at Bombay	4.15	4.57	7.80	5.44	7.67	8.35	7.99
Loss on Coinage	7.57	6.30	.82	10.42	9.86	30.07	8.60
Purchase of local Stores	2.38	1.91	1.60	2.13	3.87	3.20	2.79
Works . . . . .	..	..	..	2.79	..	..	..
English stores and other charges and loss on exchange	1.59	.79	.34	3.14	1.19	1.11	1.4
Total	19.89	16.74	13.92	28.79	29.77	49.48	28.13
(ii) Revenue from Mints	50.98	14.89	41.77	43.70	26.07	4.81	4.56
(iii) Net revenue	31.09	—1.85	27.85	14.91	—3.70	—44.67	23.57

As in the case of Currency, the variations of expenditure are to some extent due to changes of policy and methods. Three principal new factors have been in operation since 1924-25. Firstly, the Bombay Mint was closed to coinage and all coinage work was transferred to Calcutta. Secondly, an electrolytic refinery was erected at Bombay to refine silver. Thirdly, to feed that refinery rupees of the mintage 1862-74 were declared uncurrent.

The principal reasons for increased expenditure at Calcutta are the accrual of increments, revision of the pay of establishments, raising of Artist-Engraver's post to gazetted status in 1926-27, growth of work due to concentration of coinage at Calcutta and to larger demand for small coin.

The increase of expenditure at Bombay was caused by the revision of the pay of the mint and the bullion establishments, accrual of increments, increased house-rent and overtime allowances.

The following illustrative table will help to show the important items where increased expenditure can be brought under scrutiny for purposes of permanent retrenchment.

	1913-14.		1921-22.		1924-25.		1929-30.		1931-32.	
	Calcutta.	Bombay.	Calcutta.	Bombay.	Calcutta.	Bombay.	Calcutta.	Bombay.	Calcutta.	Bombay.
Number of Officers . . . .	..	..	4	3	2	3	2	5	2	4
Number of permanent establishments	92	162	87	111	84	118	83	114	83	112
Pay of Officers . . . .	.85	.78	.52	.72	.32	.70	.47	.81	.65	.78
Pay of permanent establishments . . . .	.42	.52	.92	1.11	.78	1.27	.94	1.28	.99	1.44
Cost of Operative establishments	2.43	1.98	1.44	2.03	1.62	2.18	2.94	2.26	3.05	2.31
Allowances, Honorary, Rent, etc. . . .	.50	.87	.63	.69	1.12	.65	2.83	3.32	2.63	3.47

(4) *Department's proposals.*—Finance Department has offered to effect permanent savings of 2.42 lakhs as below :—

	Savings.
<i>Calcutta Mint—</i>	
	Rs.
(a) Discharge of 1 Engineer and 2 Assistant Melters	10,400
(b) Abolition of the post of 1 Engineer on the retirement of the Head Engineer	5,000
(c) Abolition of the posts of 1 Engineer, 1 Melter, 3 Assistant Bullion Keepers, 1 peon, 1 Barkandaz which are lying vacant and for which no budget provision exists	Nil
(d) Extra establishment and extra hours' pay	1,00,000
(e) Purchase of stores	75,000
<i>Bombay Mint—</i>	
(f) Abolition of the post of Assay Master	21,600 plus 5,600 for house allowance.
(g) Abolition of 2 posts of Engineers, one of which, we observe, was created with effect from 1931-32	10,000 plus 2,000 for house rent.
(h) Abolition of the post of Artist Engraver and 14 Policemen lying vacant for a long time and for which no budget provision exists	Nil
(i) Temporary establishment	11,800
(j) Abolition of the posts of a clerk and a peon on the amalgamation of the Assay Office with the Bombay Mint	1,080
Total	2,42,800

But we observe that these savings have been calculated on the " average cost " and not " immediate reduction " basis.

(5) *Our proposals.*—(i) We recommend the acceptance of Finance Department's offer. We do not consider that the closing down of either Mint will yield financial advantages (*viz.*, a saving of only about .68 lakh) commensurate with the risk involved.

(ii) In addition to these savings we hold that since the Mint staff is recruited for local work at Calcutta or Bombay, no local compensatory or house-rent allowances should be paid. We have applied this principle to other departments also. Further, rent on the usual lines should be charged for residential accommodation provided at Government expense whether to officers or to establishments. We understand that the provision of free Government accommodation is the rule at Calcutta. In this respect conditions at Bombay and Calcutta should be a simulated, a charge for housing being reckoned as approximately the equivalent of the abrogation of house-rent allowances, at any rate in the case of officers.

(iii) At Calcutta there is a post of Artist—Engraver on Rs. 750—50—1,000 ; the incumbent of it was brought out from London and has reached the maximum of the scale. He works for both the Mints. There are some posts of engravers at the Nasik Security Printing Press also and we are not at all sure that the services of the Nasik staff cannot be utilised for mint work. We have been told by the Finance Department that this post is maintained for other miscellaneous work, *e.g.*, designing and engraving army and other medals, etc. Further, we might add that the post used to be of non-gazetted status upto 1925-26

We were told in the course of the oral evidence that the Mint Master at Calcutta had tried to train up an Indian for this post but had failed. We may agree with the view that the artist-engraver's work is specialised and requires actual practice in die-engraving, but we cannot possibly endorse the implication of the Mint Master's conclusion that he had failed in his attempt to train up an Indian. Engraving and artistic work in general is one of those lines of work in which, in our opinion, it will be hard to beat Indians. The Bengal School of Art at Calcutta has now acquired an international reputation, and there are many other art schools all over India. It is within the personal experience of many of us that quite a lot of high class engraving work is done by private firms all over India. Our proposal therefore is that a promising Indian be recruited to serve as an under-study and the Artist-Engraver's gazetted post be abolished as early as practicable. This should yield a saving of Rs. 12,000 *minus* the pay fixed *de novo* for the non-gazetted post on a substantially lower scale of pay which will take its place. For the present we leave this saving out of our calculation.

(iv) We see no appreciable evidence of any genuine effort to Indianise the higher ranks. The adoption of such a policy will tend to reduce expenditure, and we urge that steps be taken to bring it about.

(6) *Summary of Savings*.—2·50 lakhs. In addition, it should be possible to effect a further reduction of, say, '09 (on the Artist—Engraver's post) in the near future.

CHAPTER XVI.

GRANT NO. 76.—MISCELLANEOUS (35·11 lakhs).

We shall deal, *seriatim*, with the various sub-heads of this grant.

A.—*Allowances, Rewards, etc.*

(1) *Explanation of grant.*—Of the provision of Rs. 31,800 under this grant Rs. 19,700 is for miscellaneous *Durbar* charges (including Rs. 600 for the cost of Aggamahapandita seals). The rest is for other charges, mainly the annual stipends to holders of literary titles (*e.g.*, Mahamahopadhyaya, Shama-ul-ulema and Aggamahapandita) and is distributed as follows :—

Madras (Rs. 1,000), Bombay (Rs. 500), Bengal (Rs. 2,700), United Provinces (Rs. 1,800), Punjab (Rs. 400), Burma (Rs. 4,100), Bihar and Orissa (Rs. 1,000), Central Provinces (Rs. 500), and Assam (Rs. 100).

The actual expenditure on “ other charges ” in 1928-29 and 1929-30 was Rs. 13,295 and Rs. 9,973 respectively.

(2) *Proposals.*—(a) As regards the miscellaneous *Durbar* charges, we observe that the Foreign and Political Department, at first proposed a reduction of Rs. 1,500, but it has since intimated that an extra grant is likely to be needed. We would reduce the provision for 1932-33 to the level of the actuals of 1929-30, *i.e.*, to Rs. 13,000 and trust that expenditure will be kept down as far as practicable. The reduction of expenditure for the 1932-33 budget will be Rs. 6,700.

(b) The rates of stipends to holders of literary titles are so low that no reduction is possible.

B.—*Books and periodicals.*

(3) *Explanation of the grant.*—This grant consists of two items :—

(i) Rs. 74,200 for subscriptions to news agencies (Reuters, Limited, and Indian News Agency) for the supply of telegrams, and

(ii) Rs. 6,400 for the supply of books and periodicals to the India Office and the High Commissioner by the Local Governments as agents for the central Government. The provisions are Rs. 1,400 for Madras, Rs. 1,800 for Bombay, Rs. 1,300 for Bengal, Rs. 1,000 for the United Provinces, Rs. 800 for the Punjab and Rs. 100 for Burma.

The provisions for subscriptions to Reuters, Limited, and the Indian News Agency are Rs. 55,200 and Rs. 19,000 respectively. The telegrams are supplied to selected officials with the object of enabling them to get news earlier than is possible to get from the newspapers, especially at Simla where there is no local newspaper with an efficient news service.

In the case of Reuters, Limited, Government make a fixed payment for their news service. The news so supplied is distributed to Government officials.*

* List is given in Appendices 8 to 11 of the Posts and Telegraphs Manual, Volume XI, Part III.

No annual grant is made to the Indian News Agency, but their telegrams are paid for on ordinary commercial terms, *viz.*, Rs. 30 per mensem per copy. There is no obligation to take any particular number. The number taken in 1911 was 47 but it included copies for officers belonging to departments which have since been classified as "commercial", *i.e.*, Railways, Posts and Telegraphs and Army Headquarters. Since 1929 these departments pay separately for such telegrams. The number of copies taken by the non-commercial departments was 38 in 1929 and 48 in 1930.

(4) *Proposals.*—(i) The case of Messrs Reuters, Ltd., presents some difficulty, since the payment made at present (Rs. 55,200) is a lump payment. We have been informed that Government hope to be able to make a reduction. The payment amounts, in effect, to a partial subsidy and we consider that it should be possible to bring down the amount to Rs. 44,200, saving Rs. 10,000.

(ii) As regards the service of the Indian News Agency it is proposed to take a smaller number of copies in future, and thus to reduce the cost from Rs. 19,000 to Rs. 13,000. Government hold that no change can be made as regards the Chief Commissioners of Ajmer-Merwara and Andaman-Nicobar Islands and certain officers of the Foreign and Political Department. As regards officials at headquarters, orders have recently been issued cutting down the list, the principle followed being to confine the list to those to whom the telegrams give important help in the discharge of their official duties.

We have scrutinised the list, and hold that it is possible to reduce the number still further. We do not see why it should not be possible to make one copy serve the various secretariat officers in the same office at headquarters. But, for the present we are content to recommend the acceptance of the saving of Rs. 6,000 as offered by the department.

(iii) As regards the supply of books and periodicals to the India Office and the High Commissioner we have no proposal to make.

(iv) The reduction of expenditure on this head will thus be 16 lakh.

C.—Charitable donations and European vagrancy.

(5) *Explanation of grant.*—The provision for donations for charitable purposes is Rs. 12,800 and for charges on account of European vagrancy Rs. 2,500 including Rs. 1,500 in Madras for subsistence allowances to seamen in distress. The former provision is largely for the repatriation of destitute Indians, mostly pilgrims who get stranded for various reasons, from abroad.

(6) *Proposals.*—We observe that the repatriation rules provide for the repatriate's return to India by the shortest and the cheapest route and for his undertaking to repay the cost of his repatriation and measures to enforce the undertaking. Since every country is responsible for the repatriation of its own destitute nationals, there is not much scope for the reduction of this provision, even though we observe that Commerce Department has offered a small reduction.

We cannot ascertain the actual expenditure on account of European vagrancy. All that we can propose is that Government should issue suitable instructions to ensure that no expenditure is unnecessarily incurred on account of the vagrancy or repatriation of the nationals of foreign states, and that if any expenditure has to be incurred, attempts should be made to recover it, wherever practicable.

D.—*Special commissions of enquiry.*(a) *Tariff Board.*

(7) *Functions.*—The Tariff Board was set up in accordance with the recommendations of the Fiscal Commission. It is employed on scientific enquiries committed to it from time to time, mainly in pursuance of the accepted policy of discriminating protection of Indian industries. Some of these are prescribed by statute, *e.g.*, the Steel enquiry due to come off in 1933-34; the majority are *ad hoc* enquiries.

(8) *Organization.*—The Board consists of a Chairman (pay, Rs. 4,000) and two Members (Rs. 3,000 per mensem each). There is also a Secretary drawing pay on the senior I. C. S. scale and a special pay of Rs. 200. Provision is also made for an expert adviser (on Rs. 3,000 per mensem) for six months.

(9) *Growth of cost.*—The following table shows the growth of expenditure since the Board was set up in 1923-24 :—

	1923- 24	1924- 25	1925- 26	1926- 27	1927- 28	1928- 29	1929- 30	1930- 31	1931- 32
	(part).								
Pay of officers and passage contributions					1.18	1.20	1.49	1.18	1.57
Pay of establishments	1.52	1.93	1.60	2.79		.19	.19	.21	.22
Travelling allowances				.49	.28	.30	.31	.29	.29
Other expenses				.51	.22	.25	.23	.24	.24
Total	1.52	1.93	1.60	3.79*	1.87	1.94	2.24	1.92	2.32

(10) *Departmental proposals.*—The Commerce Department at first offered a saving of Rs. 8,000 under "Pay of Officers". But, it was in the nature of a windfall and not of a permanent character. The question of reducing the Board's expenditure on travelling expenses was under the Commerce Department's consideration in consultation with the Finance Department, but the department considered it unlikely that any appreciable reduction could be made under that head. It offered a temporary lump reduction of Rs. 2,000 out of the provision for "all other expenses".

Subsequently, however, Commerce Department, in the course of the oral evidence given by its representative, gave us to understand that by the end of February 1932 the enquiries so far entrusted or to be entrusted to the Tariff Board will have been disposed of and that apart from the cotton textile enquiry, which is due for 1932-33 and the statutory steel enquiry which is due for 1933-34 the department does not expect to be in a position to charge the Tariff Board with any enquiry in the near future. We were also told that the cotton textile enquiry may not even take place.

(11) *Proposals.*—(i) We greatly appreciate the valuable services rendered by the Tariff Board to the industrial interests of India. In view of the gravity of the financial situation, however, we have taken into consideration a suggestion that the Tariff Board might be suspended for about a year. Our view is that any such recommendation by us is likely to give rise to considerable misgiving, especially if an enquiry into the cotton textile industry does not take

* Includes Cotton Textile enquiry.

place during 1932-33. It is true that in consequence of financial stringency import duty on cotton textiles has been increased on two occasions, once at budget session of the Legislature last March and again by the supplement finance bill recently "certified". But these duties are in the nature of revenue duties and are liable to be reduced whenever Government should consider that their financial position warrants their doing so. The difference between the purpose of a protective and a revenue duty must not be overlooked. An enquiry into the amount of protection required for the textile industry during subsequent years has to be made in 1932-33. If the revenue duties are higher than the protective duties accepted by Government as a result of the enquiry made by the Tariff Board, the former can be reduced to the protective level, the financial position of the Government of India admits of it. The protective duty, however, must continue for such period as may be determined by the 1932-33 enquiry. We are not therefore in a position to hold that the cotton textile enquiry need not be held during 1932-33. Further, it cannot be held with any certainty that there will be no application for protection during the next year. The present revenue duties are temporary and there may be enquiries in need of protection for which enquiries may have to be made. Regarding the statement by the representative of the Commerce Department that the department does not expect to be in a position to charge the Tariff Board with any enquiry in the near future, it is more or less of the nature of conjecture and cannot, in any case, relieve the department of their statutory obligation, if any. We do not therefore recommend the suspension of the Board for a year. (Mr. Ramsay-Scott is of the opinion that in the interests of economy only the board can suspend action for one, but not more than one year.)

We think, however, the expenditure can be substantially reduced by following measures which, we recommend, should be adopted.

(ii) We propose that for the present the Board should consist of five members and Government should be at liberty to add a third member, if and when necessary. We further think, the salaries are fixed on too liberal a scale and the question of reducing them should be investigated, independently of the general enquiry regarding pay, etc., which we shall undertake at a later stage.

(iii) We also hold that for this period at least there is no need for a high paid Secretary. Office and routine work should be left to the Superintendent or an officer of similar status and the members should, between them, be asked to take over the more responsible part of the Secretary's work.

(12) *Summary of savings*.—On our proposals the reduction of expenditure in 1932-33 will be about a lakh as below:—

Rs. 36,000 on one Member's pay, almost the whole provision for expert adviser, Rs. 20,000 on Secretary's pay and his special pay and the passage contributions, about Rs. 2,000 on reduction of establishments, about Rs. 14,500 on travel allowances and about 12,000 on other expenditure.

D.—Other special commissions of enquiry.

(13) *Explanation of grant for other special commissions and committees*. Excluding the provision of 2·32 lakhs for the Tariff Board the 1931-32 grant provides Rs. 23,500 for the Royal Commission on Labour and Rs. 84,400 for Committees of enquiry (*viz.*, Rs. 10,100 for the Drugs Committee, Rs. 1,000 for the Coal Dust Committee, Rs. 69,700 for the Central Banking Enquiry Committee, Rs. 1,600 for the Facts Finding Committee and Rs. 2,000 for the In Steam Vessels Rates Advisory Committee).

We observe that since 1921, one hundred and twenty Commissions and Committees of enquiry have been appointed and their cost has in each year since 1921 been 10·59, 3·27, 23·77, 9·77, 9·15, 19·07, 20·08, 11·51, 29·48, 2·67 and 3·71 lakhs. A list has been given in Appendix III, Chapter I.

So far as can be ascertained at present, the following Committees are likely to be appointed during the next two years, *viz.*, (i) an expert committee to examine proposals for a comprehensive amendment of the law of arbitration, (ii) a franchise committee, (iii) such courts of enquiry or boards of conciliation as may be required under the Trades Disputes Act, 1929.

(14) *Proposals*.—We are not in a position to make specific recommendations regarding the appointment and cost of special commissions and committees of enquiry in the near future. We trust, Government will carefully scrutinise the need for them and, wherever practicable, put them off till the return of better financial conditions. We further urge that the policy underlying the present practice of examining in detail the findings and proposals of special committees and commissions should be overhauled. Here we propose to confine ourselves to only one issue.

We have examined the instructions issued on 8th September 1931 for regulating and controlling expenditure on committees of enquiry, and approve them subject to the following comments:—

(i) The maximum rates of remuneration, etc., for non-official members are a subsistence allowance of Rs. 1,200 per mensem and a touring allowance Rs. 300 per mensem. We hold that the former is unduly high and should be a reduced to Rs. 30 *per diem*. Under the present rules Government have reserved to themselves “the discretion to fix rates for any particular committee at a level suitable to its composition and conditions of work”. In our opinion Government should not have any discretion to vary the rates; such discretion is liable, on the one hand, to abuse and, on the other hand, to cause some embitterment of feeling. Service on any public committee of enquiry is and will continue to be prized for the opportunity it offers to do public work and the rate of remuneration obtainable should in most cases be an irrelevant consideration to those whom it may be desired to appoint as members.

The rate of the touring allowance also should be fixed on a *daily* basis, *viz.*, Rs. 10 *per diem*.

(ii) The remuneration of official members of committees is regulated by the following rule:—

“No increase in pay will ordinarily be sanctioned to an official of the Government of India serving as Chairman or Member—Secretary, but may exceptionally be sanctioned on proof that his duties are more arduous or responsible than they would have been in the post on which his pay is based.”

The exception contemplated in this rule is likely, in practice, to defeat the purpose of the rule and should be deleted.

(iii) The right of a chairman to requisition a reserved first class compartment for journeys of over six hours' duration or for journeys any part of which falls between 11 P.M. and 6 A.M. should be reduced to the right to requisition a coupé compartment of two berths and if a coupé be not available, two first class berths.

E.—Compensations.

(15) *Explanation of grant*.—The aggregate 1931-32 grant of 25·52 lakhs for compensations consists of the following items :—

- (i) 25 lakhs quit rent for Berar paid to H. E. H. the Nizam, (ii) 16 lakh compensations to Janjira and other States in Bombay and other compensations, (iii) 25 lakh compensations to H. H. the Maharaja Scindia and to Raja Mahendra Man Singh, and (iv) 11 lakh compensations paid in Assam.

16) *Proposals*.—The compensation to H. E. H. the Nizam is a payment fixed by a treaty. It is called quit rent and its previous history shows that it represents a surplus of receipts over expenditure. While we agree that there can be no question of a reduction of the amount, we have not been able to appreciate why at the time of the financial settlement with the provinces this expenditure was not passed on to the local Government of the Central Provinces, who administer Berar and get the receipts. The argument that if it had been so passed on, the provincial contribution of the Central Provinces to the Central Government would have been reduced *pro tanto* does not convince us. We observe that even though provincial contributions have now ceased, the Central Government's liability still persists. This would not have been the case if the liability had been fixed, *ab initio*, on the local Government. We propose that the position should be re-examined in connection with the impending constitutional changes.

We have no proposal to make regarding the other items in this grant.

F.—Rents, rates and taxes on Central Buildings.

(17) *Explanation*.—This grant of 2·14 lakhs is a mere figure of account, a corresponding credit appearing in the head “Civil Works”.

(18) *Proposals*.—The Public Works, Accounts and Audit Sub-Committee has already examined this item. We would here only observe that the consumption of electrical energy in central buildings requires some tightening up. To give an illustration, the lighting of the verandah of the Council House at New Delhi is undertaken on a scale that appears to us to be wasteful. We are unable to give a precise estimate of savings.

G.—Grants-in-aid.

(19) *Explanation*.—(i) This grant consists of two items, (a) Rs. 3,000 (non-voted) for subsidies to guaranteed telegraph lines on the North-Eastern Frontier, and (b) Rs. 52,700 (voted) for two grants-in-aid, viz., Rs. 50,000 to the Trustees of the Victoria Memorial for the maintenance of the Memorial and Rs. 2,700 to the Empir Parliamentary Association.

(ii) The Victoria Memorial at Calcutta is maintained out of contributions by the Central Government (Rs. 50,000) and by the Government of Bengal (Rs. 35,000) and small local sources of income. It is essentially an all-India institution and is managed by a body of Trustees constituted by Act X of 1903 to whom powers have been entrusted by rules. The Central Government's contribution used to be Rs. 31,800 per annum but was raised to Rs. 50,000 in 1924-25.

(iii) The annual contribution of Rs. 2,700 to the Empire Parliamentary Association is intended to meet the cost of (a) incorporating and printing important extracts from the proceedings of the Indian Legislature in the quarterly "Journal of the Parliaments of the Empire", and (b) the free supply of copies of the Journal to those members of the Indian Legislature who are members of the British Indian branch of the Association. The average number of such copies as also copies of the bi-monthly "Review of Foreign Affairs," which are also supplied free of cost to such members, has during the last four years been 165.

(20) *Proposals.*—(i) We have no proposal to make regarding the provision of Rs. 3,000 for a subsidy to the Posts and Telegraphs Department in respect of the guaranteed line on the North-Eastern Frontier.

(ii) As regards the grant-in-aid to the Trustees of the Victoria Memorial, the annual contribution has been reduced to Rs. 45,000. We consider that the reduction is not sufficient. During the year ending 31st December 1930 the income (Rs. 93,105) exceeded the expenditure (Rs. 82,820) by over ten thousand rupees, and the surplus was transferred to a capital fund intended to provide for repairs and for unforeseen contingencies. The deposit account of Rs. 60,000 and the current account of Rs. 42,393 show the fairly prosperous financial condition of the Memorial. We have taken the line that activities which can be financed out of accumulated capital should, in the present financial stress, be expected to manage with materially reduced grants. We have on this principle reduced the research grant to the Imperial Council of Agricultural Research from 5 to 2½ lakhs, and the grant to the Indian Research Fund Association from 7½ to 2½ lakhs. Those of us who know something about the management of the Memorial and the establishments maintained for supervising and guarding its grounds, buildings and exhibits, hold that considerable economy in its management is possible. We therefore propose that the grant should be reduced to the level of 1924-25. This will yield a saving of Rs. 18,200.

(iii) As regards the contribution to the Empire Parliamentary Association we think that it should be left untouched. Had it been a large amount, we would perhaps have considered whether the contribution should be reduced to an amount sufficient to meet the cost of incorporating and printing extracts from the proceedings of the Indian Legislature.

H.—Local Clearing Office.

(21) *Organisation and cost.*—This office was set up after the signing of the Treaty of Versailles. Its main function is to act as a clearing office for the settlement of "enemy" claims against India and Indian claims against the "enemies"—mainly Germany and Austria. It is also in charge of "reparation" work, which is now practically confined to claims by Indian seamen (lascars). It was at first under a whole-time Controller, but on the departure of Mr. Kisch the duty was made over, for the sake of economy, to the Second Solicitor in addition to his ordinary duties. An allowance of Rs. 250 is paid to him for this work. The establishment is special and consists of two assistants, two clerks, a *daftary* and a peon, and is estimated to cost Rs. 10,500. There are two pensioners on the establishment list; their salaries are Rs. 270 and Rs. 225. Including the provisions of Rs. 3,000 for allowances and of Rs. 2,300 for contingencies the total provision for 1931-32 is Rs. 18,800.

(22) *Proposals.*—The current sanction for this office expires on 31st March 1932. The Legislative Department anticipates that reparation work will have been finished by 31st March 1933 but "clearing" work will go on

for some time requiring two or three of the present ministerial establishment of four. It thinks that after the close of 1932-33 the expenditure should not exceed Rs. 10,000.

(i) Our main proposal is that since the work of this office has gone down very substantially, it should now be merged in the Legislative Department. Though the work is claimed to be of a specialised nature we can see no reason whatever why it should be considered heterogenous to the regular functions of the Legislative Department so as to require or justify the continuance of the Local Clearing office as a separate entity. In any case we urge that effect be given to the following proposals.

(ii) The Legislative Department stated in its reply dated 6th May 1931 to the Finance Department that no reduction of the allowance of Rs. 250 to the Second Solicitor was possible in the current year. In the reply to our questionnaire, however, it states that so long as the Second Solicitor continues to be employed also as Controller, he must necessarily receive additional remuneration, since these duties are extraneous to the solicitor's duties imposed upon him under his contract of service. We do not accept this view. In our opinion the Controller's duties are now so light that no special remuneration is needed. We do not agree that the duties are "wholly extraneous", nor that a whole-time Government servant must necessarily be given remuneration for any extra work he may be called upon to do. We propose that this allowance be immediately abrogated, and the Controller's duty made over to an officer of the Legislative Department as one of his ordinary duties.

(iii) The special ministerial establishment should be reduced to one with effect from 1st March 1932. We have provided for this in our proposals relating to the Legislative Department. The regular departmental staff should be trained up so as to obviate, in due course, the employment of pensioners which *prima facie* we consider to be open to objection.

(iv) The Department has offered savings of Rs. 1,820 under allowances and Rs. 300 under contingencies; the former includes Rs. 1,800 on account of travelling allowance for the Second Solicitor. With effect from 1932-33 the provision should be reduced to Rs. 800.

(23) *Summary*.—The savings will be nearly the whole provision *minus*, say, Rs. 3,000 for the clerk who will be added to the ministerial establishment of the Legislative Department and about Rs. 800 for the addition to the budget of that Department for allowances and contingencies. Since we have already provided for the additional clerk, the saving will be .18 lakh.

I.—Indian Soldiers' Board.

(24) *Organisation*.—This Board was constituted in 1919 to deal with the

(i) formation of district records of war services as a basis for future action, (ii) consideration of questions connected with land rewards or grants or preferential treatment for Government service, (iii) after-care of the soldier, (iv) educational concessions for soldiers' children, (v) safeguarding of soldiers' interests in general, and (vi) consideration of the whole subject of demobilization in its civil aspect. It is composed of three members of the Executive Council, of whom one is President, H. E. the Governor of the Punjab, the Army Secretary, the Adjutant-General in India and the Military Financial Adviser. The Auditor-General was appointed as an additional member in 1929-30. One of the Assistant Secretaries in the Army Department acts as Secretary to the Board in addition to his other duties, and gets a special pay of Rs. 200 *per mensem*.

(25) *Functions*.—The Board's duties "centre round the home welfare of the Indian soldier, past and present, and his dependants". The Central Board co-ordinates the activities of kindred organisations in the various areas from which the bulk of the Indian Army is recruited. Under the control of the provincial board there exists a net-work of subordinate organisations throughout India. The main functions of the District Soldiers' Board and the corresponding organisations are—to maintain lists of serving and deceased soldiers from the area concerned, to circulate information regarding educational concessions for soldiers' children, to communicate information regarding employment, facilities for training for civil vocations, etc., to ascertain and to communicate the whereabouts of absent soldiers to their families, to render legal assistance, to assist absent soldiers' families in the event of disease or famine, to investigate applications for relief from the various military charitable funds and to assist ex-soldiers and their dependants in securing medals, pensions, arrears of pay, etc.

(26) *Funds*.—The Board has its own fund of the face value of 11.09 lakhs invested in $3\frac{1}{2}$ and 6 per cent. notes and bonds from which the interest income was Rs. 4 lakh in the year 1929-30. In that year the Board was able to carry over a surplus of Rs. 19 lakh to its current account. The main items of expenditure are contributions to Local Governments and Administrations in connection with welfare schemes: minor contributions are made to other institutions or funds for soldiers' welfare. Besides this fund, the Board administers or is connected with the following funds:—

(i) India and Burma Military and Marine Relief Fund:—

Capital Rs. 9,99,000 (Face value on 31st March 1930).

(ii) Indian Army Benevolent Fund:—

Capital Rs. 9,58,000 (Face value on 31st March 1930).

The Government of India make an annual compassionate grant of Rs. 6,500.

(iii) Sir Victor Sassoon Fund.

(iv) King Emperor's Patriotic Fund. The balance on 31st March 1930 was Rs. 38,255.

The Board also investigates claims received from, or on behalf of, widows of the Viceroy's Commissioned Indian Officers for relief from the Silver Wedding Fund and acts as a distributing agency on behalf of the administrators of this fund.

(27) *Budget*.—So far as central revenues are concerned, the total cost of the Board is Rs. 15,100 (*viz.*, Rs. 2,400 for pay of officers, Rs. 9,300 for pay of establishments, Rs. 3,000 for allowances, and Rs. 400 for other expenses).

(28) *Proposals*.—(i) We have not been able to see the justification for the special pay of Rs. 200 to the Assistant Secretary in the Army Department for acting as Secretary to the Board. By abolishing the special pay and effecting economies on establishment, allowances and other expenses, we think it should be possible to reduce the estimate for 1932-33 from Rs. 15,100 to about Rs. 10,000. The saving will be Rs. 5,100.

(ii) In our opinion this expenditure should be borne by the Army and not by the Civil Estimates. We were told by the Secretary, Army Department, that the reason why it is included in the Civil Estimates is that the Board is affiliated to the Army Department whose expenditure is borne on the Civil Estimates. Although the transfer from the Civil to the Army Estimates does not automatically afford financial relief to Government, we think that in the long run it will help to keep the cost down to a reasonable figure. Besides, our proposal will help to give a truer picture of the real aggregate cost of the Army.

(29) *Summary of savings.*—Rs. 15,100 in the Civil Estimates but only Rs. 5,100 in the total estimates.

J.—Miscellaneous and unforeseen charges.

(30) *Explanation of grant.*—The 1931-32 grant under this head is Rs. 96,300 and is made up as below :—

- (i) Of the Rs. 25,000 for the Indian Delegation to the League of Nations Rs. 1,000 is for the pay of establishments and the rest is for the pay and travelling expenses of the members. Actual cost in 1929-30 was Rs. 8,403.
- (ii) The provision of Rs. 49,000 for the International Labour Conference consists of Rs. 3,000 for officers' pay, Rs. 43,000 for travelling expenses, and Rs. 3,000 for other expenses. Actual cost in 1929-30 was Rs. 57,386.
- (iii) The Conference on Deck Passenger and Pilgrim Traffic was estimated to cost Rs. 10,000. *viz.*, Rs. 300 pay of establishment, Rs. 1,500 for travelling expenses, and Rs. 8,200 for other expenses.
- (iv) There is a provision of Rs. 9,500 for the grant of an honorarium for two months and subsistence allowance for four weeks and for travelling and other expenses in connection with the deputation of the Right Hon'ble Mr. Srinivas Sastri to England to give evidence before the Joint Select Committee on East Africa.
- (v) Rs. 2,800 has been provided for "other items" (Rs. 2,400 being for Bombay). In previous years this part of the grant included such items as payment of claims in respect of war bonds lost by fraud, payment of claims by lascars and their dependants to compensation for loss and damage caused by enemy action during the war, the cost of a visit of some members of the Legislature to the North-West Frontier Province, grant to the Indian Olympic Association, adjustment of passage contributions and leave salaries, residual charges of committees of enquiry, expenditure in connection with the visit of the Far Eastern Opium Commission of the League of Nations, adjustment of accounts, etc.

(31) *Proposals.*—(i) As regards the Indian delegations to the League of Nations and to the International Labour Conference, we may first invite attention to our remarks regarding India's contribution to the expenses of the League of Nations [*vide* paragraph 6 (ii) of Chapter XIX]. Subject to those remarks we think, India should not go unrepresented at Geneva. We have already drawn* attention to the need for a rigorous curtailment of expenditure on the obligations arising from international conventions signed by India. We have also recommended that the Government of India should set their face resolutely against any further onerous commitments, at least for some time.

* Paragraph 12 of Chapter I of our Interim Report (Part I), page 6.

Apart from this we think, the expenditure on the items under consideration can within limits be curtailed. We observe that the actual expenditure on each delegation has been as below :—

	1924- 25.	1925- 26.	1926- 27.	1927- 28.	1928- 29.	1929- 30.
League of Nations . . . . .	..	..	12,114	42,934	8,686	8,403
International Labour Conference	19,775	10,079	15,940	9,883	15,244	57,386
Total	19,775	10,079	28,054	52,817	23,930	65,789

We realise that actual expenditure depends on certain factors which remain uncertain till the composition of the delegations is known. But, experience shows that there has perhaps been overbudgetting in the past.

So far as the official part of a delegation is concerned, we understand that it has been the policy to send as few men from India as possible. They have only to voice Government's view and as sufficient Indians are available in England, as we believe they are, we see no point in sending out men all the way from India. We think, the present policy is right and should be pursued strictly.

In the light of past experience we propose that the future provision for the League of Nations delegation should be reduced to Rs. 10,000, but that for the delegations to the International Labour Conference should be left as it is. This will yield a saving of Rs. 15,000.

(ii) The Deck Passengers and Pilgrim Traffic Conference is a new item of expenditure. We presume it is non-recurrent. If so, the provision for it need not be repeated in the 1932-33 budget. Saving Rs. 10,000.

(iii) The provision of Rs. 9,500 for Mr. Sastri's deputation will not have to be repeated. Hence, the whole of it will be a saving.

(iv) We observe that the actuals for "other items" for 1928-29 and 1929-30 were Rs. 37,880 and Rs. 11,79,017. The current year's provision is Rs. 2,800. We are naturally unable to make any recommendation.

(32) *Summary of savings*.—Apart from the fluctuations on account of "other items" the budget for head J of Grant 76 should be reduced by Rs. 15,000 + Rs. 10,000 + Rs. 9,500 = Rs. 44,500.

K.—*Miscellaneous—Other charges.*

(33) *Explanation*.—The provision is .91 lakh and includes loss by exchange on local transactions. The items which make up the grant and the amounts for each are :—

- (i) Miscellaneous payments arising out of the War (Rs. 1,000), (ii) Irrecoverable temporary loans written off (Rs. 26,800), (iii) Annual stipends to the holders of literary titles (Rs. 400), (iv) Loss by exchange on local transactions (Rs. 34,500), (v) Guarantee for the opening of telegraph offices (Rs. 3,000), (vi) Durbar charges—miscellaneous (Rs. 200), (vii) Treatment of Assam patients at the Pasteur Institute (Rs. 100), and (viii) Institute for Disabled Soldiers, Lahore (Rs. 25,000). We shall deal with (viii) separately.

(34) *Proposals*.—(i) The need for retaining the existing provisions for items (i), (ii), (vi) and (vii) may be scrutinised afresh. Under (i) Commerce Department has proposed a ten per cent. reduction.

(ii) As regards item (ii), the Legislative Department thinks that in future Rs. 15,000 will probably cover all annual liabilities. The provision under the control of that Department should therefore be reduced from Rs. 25,000 to Rs. 15,000. Saving Rs. 10,000.

(35) *Summary of savings*.—The reduction of expenditure should be about Rs. 12,000.

K.—*Miscellaneous—Institute for Disabled Soldiers.*

(36) *Function*.—This Institute was started at Lahore in 1919 for one year in the first instance with the object of training up disabled soldiers in motor driving and maintenance and in the management of oil-engines and thus enabling them to supplement their military pensions. Since then sanction for its continuance from year to year used to be granted on the Punjab Government's recommendation that the Institute was serving a useful purpose and that the men were successful in getting employment after training.

(37) *Cost*.—The grant for 1931-32 is Rs. 25,000, viz., special pay to Headmaster (Rs. 600), establishments (Rs. 8,300), allowances (Rs. 300 plus 100), rations (Rs. 3,500), motor contingencies (Rs. 7,700), rent of boarding house (Rs. 3,000), and miscellaneous contingencies (Rs. 1,500). The actual cost in each of the five years 1925-26 to 1929-30 was about Rs. 25,000 except in 1926-27 when it was Rs. 21,738.

(38) *Proposal*.—Originally, the Department of Industries and Labour offered a reduction of Rs. 3,480 in the pay of establishments. It has, however, now been decided to close the Institute down altogether. We endorse this decision. The Institute can no longer be serving the needs of disabled soldiers (i.e., war casualties), but rather those of men normally discharged. Secondly, although on a strict interpretation the army could argue that the cost of training army pensioners should be borne by civil and not by army estimates, we consider that as in the case of many other benevolent activities in the interests of ex-soldiers and their families and dependants, the cost should have actually come from the army estimates. Again, even if it could be argued that this Institute is a central subject under the Devolution Rules, we hold that the Punjab Government should have been asked to bear a share of the cost of maintaining this Institute, since the benefit of the technical and industrial training imparted by it goes mostly to Punjab civilians. We understand that both the army authorities and the Punjab Government are disinclined to share the cost. We conclude from this that the purpose served is not such as to justify its maintenance from central civil estimates.

(39) *Summary of savings*.—On the entire grant the savings from our proposals will be 2.45 lakhs. There will be some other savings also, but since they could not be precisely estimated, we have not taken them into our calculation.

CHAPTER XVII.

GRANT No. 80.—DELHI (47·06 LAKHS, OR INCLUDING EXPENDITURE PROVIDED FOR IN OTHER GRANTS 104·81 lakhs).

(1) *General*.—The imperial enclave of Delhi is directly administered by the Government of India and its expenditure is borne by the central revenues. It was carved out of the Punjab and the U. P. Following upon the announcement made by H. M. the King Emperor to remove the capital of India from Calcutta to Delhi it was constituted a separate minor administration. Its area is 573 square miles and population 6·36 lakhs. The old city of Delhi with an urban population of about $4\frac{1}{2}$ lakhs naturally dominates the so-called "Province of Delhi".

The administration is in charge of a Chief Commissioner and tends to reproduce all the usual features of a provincial government. The departments maintained, their establishments and cost and the growth of expenditure on each will be dealt with along with our proposals relating to each. Here we shall only observe that the local administration of certain areas is entrusted to (i) the Municipal Committee of Delhi with an official chairman, (ii) the Municipal Committee of New Delhi which consists entirely of nominated members, half of whom are officials, (iii) the Notified Area Committee with jurisdiction over the civil lines portion of Old Delhi, and (iv) the District Board with jurisdiction over the rural portions of the enclave.

(2) *Explanation of grant*.—The administration is estimated to cost 104·81 lakhs in 1931-32, but the specific grant for Delhi is only 47·06 lakhs. The difference, viz., 57·75 lakhs represents the expenditure provided for in other grants, mainly Civil Works (36·62) and interest on ordinary debt (14·34). It should be noted that the estimated cost includes items like "interest for ordinary debt", currency, ordinary and territorial and political pensions which have little organic connection with Delhi administration as such. The important head of "Civil Works" is an unusual feature which has no equivalent in the other minor administrations.

(3) *Growth of expenditure*.—The two tables below show the expenditure on various "provincial" and "central" heads, and the growth or fall in the expenditure on each head in certain years:—

TABLE A.

	1913-14.	1920-21.	1922-23.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
GENERAL ADMINISTRATION—											
(i) Chief Commissioner's Office				·86	·92	1·01	1·00	1·03	1·01	1·08	1·07
(ii) District Administration	1·55	2·06	3·05	2·32	2·11	1·92	2·15	2·60	2·72	3·07	3·23
(iii) Other charges.				·10	·12	·13	·11	·05	·07	·05	·05
Land Revenue	·47	·61	·38	·41	·45	·53	·57	·58	·66	·64	·66
Excise	·06	·12	·16	·12	3·62	3·41	3·33	3·63	3·66	3·69	3·67
Stamps	·07	·13	·11	·07	·08	·08	·08	·32	·10	·08	·10
Forests	..	..	..	..	..	..	·07	·09	·10	·11	·07
Registration	..	·08	·08	·08	·08	·06	·04	·04	·04	·04	·05
Irrigation	·01	·01	*	·51	·31	·06	·05	·02	·02	·03	·05
Justice	1·14	1·21	1·83	1·71	2·13	2·37	2·41	2·50	2·57	2·70	2·67
Jails	·64	·86	1·19	1·47	1·24	1·28	1·27	1·41	1·51	2·06	1·73

* Figures not separately available.

TABLE A—*contd.*

	1913-14.	1920-21.	1922-23.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
Police	3.92	6.91	9.60	7.87	7.99	8.38	8.88	9.50	9.95	13.19	11.62
Scientific Departments (Museum) . .	..	.08	.38	.01	..	..	..	..	..	..	..
Education	1.43	3.20	4.42	5.26	5.81	6.13	8.08	9.10	9.40	10.11	9.97
Medical	1.11	3.25	3.47	3.37	5.08	5.45	5.18	5.32	5.57	5.26	5.32
Public Health	1.20	1.39	.54	.27	.68	1.43	2.21	1.96	1.84	2.09	2.07
Agriculture and Horticulture . . .	.38	.32	.29	.14	.31	.52	.47	.52	.60	.71	.70
Industries . . . . .	.01	..	.04	.10	.10	.12	.14	.25	.27	.33	.32
Miscellaneous Departments . . .	.09	.06	..	..	.01	.02	.03	.03	.03	.04	.03
Civil Works†	19.16	36.43	*	12.82	3.99	37.06	33.52	36.86	55.44	53.93	46.62
Pensions, ordinary†	1.71	2.39	2.58	2.06	4.09	3.00	3.59	3.12	3.25	3.29	3.23
Stationery and Printing† . . . . .	.10	.15	.08	.03	.03	.01	.02	.02	.04	.06	.05
Miscellaneous charges . . . . .	.35	38.75	7.46	4.20	3.98	3.69	3.74	3.64	3.63	3.85	3.22
Total "Provincial" Subjects . .	33.65	93.74	25.66	43.78	45.11	76.94	79.44	84.73	1,02.41	1,03.41	86.55
Taxes on Income† . . . . .	.01	.01	.15	.25	.43	.47	.56	.66	.68	.87	.85
Ecclesiastical . . . . .	.13	.20	.32	.30	.26	.21	.25	.18	.19	.22	.22
Political . . . . .	.01	.01	.01	.03	..	.01	.03	.09	.13	.14	.22
Currency† . . . . .	..	.04	.04	.08	.09	.09	.30	.18	.11	.13	.17
Territorial and political pensions† .	.37	.44	.46	.47	.47	.51	.49	.49	.49	.50	.50
Interest	*	*	*	5.23	5.83	6.34	10.92	14.54	11.44	14.04	14.34
Total "Central" Subjects . . .	.52	.70	.98	6.36	7.03	7.63	2.59	16.12	13.04	15.90	16.30
Grand Total†	34.17	94.44	26.64	50.14	52.14	84.57	90.03	1,00.85	1,15.22	1,19.31	1,02.85

* Figures not separately available.

† Expenditure on heads marked † is included in other Grants.

‡ Excludes Refunds. Hence, totals will not necessarily tally.

TABLE B.

Eliminating the charges which are not directly connected with the administration of Delhi, the totals are as follows :—

32.09	96.57	33.56	42.30	44.71	74.63	74.73	52.54	1,00.23	1,01.35	84.56
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(4) *Analysis of the growth of expenditure.*—The Inchcape Committee accepted the following figures of expenditure and revenue for its report :—

	1913-14 (actuals).	1921-22 (revised estimates).	1922-23 (budget estimates).
Expenditure	33.99	67.00	66.18
Receipts	14.91	31.39	32.57

It observed that of the growth of expenditure since 1913-14 about 14 lakhs had occurred under "Civil Works" and 4 lakhs each under Police and Education. More than half of the expenditure on Delhi at that time was incurred under the head "Civil Works", and that Committee observed that if Civil Works and a portion of the expenditure on Police arising out of the fact that Delhi is the headquarters of the Government of India were left out of calculation, Delhi was practically self-supporting.

It recommended measures estimated to reduce the expenditure by 4.16 lakhs and noted that steps had been taken to increase the stamp revenue; it also observed that it should be possible to increase the excise revenue by devising an arrangement whereby the neighbouring major provinces (*viz.*, the Punjab and the U. P.) from which Delhi draws its supplies of country liquor and which used to retain the still head duty on such liquor would not retain the whole of the receipts, or alternatively by manufacturing country liquor in Delhi itself. In pursuance of the accepted policy that "duty should follow consumption" Delhi now receives as revenue the duty on such liquor, but in return it pays to those provinces compensations calculated upon the revenue from this source which they received in the three years prior to 1921. The rates of duty were subsequently raised. The following table shows that this arrangement leaves a fair surplus from excise to Delhi revenues :—

	1925-26.	1926-27.	1928-29.	1929-30.	1930-31.	1931-32.
(i) Excise Receipts	6.12	8.59	9.46	9.77	5.33	5.96
(ii) Compensation	<div style="display: inline-block; vertical-align: middle;"> <div style="font-size: 3em; vertical-align: middle;">{</div> <div style="display: inline-block; vertical-align: middle;"> Punjab U. P. </div> </div>	2.90	2.90	2.90	2.90	2.90
		<i>Nil.</i>	<i>Nil.</i>	.22	.22	.22
Total	2.00	2.90	3.12	3.12	3.12	3.12
Excess of (i) over (ii)	3.22	5.69	6.34	6.65	2.21	2.84

The other principal factors in the growth of real, as distinct from nominal, expenditure since 1924-25 have been :—

- (i) *Forest*.—The scheme for the afforestation of the Southern Ridge.
- (ii) *General Administration*.—Appointment of an additional Extra Assistant Commissioner.
- (iii) *Justice*.—(a) Contribution to Punjab Government of .36 lakh for Punjab High Court's services and of .04 lakh for the training of Delhi officers in commercial law.
- (b) Additional subordinate judges and munsiffs, increase in the allowances paid to the Public Prosecutor, and growth of criminal work.
- (iv) *Police*.—Additions to the Police force, revision of pay and of clothing and equipment grants. Increase in travelling and other allowances.
- (v) *Education*.—The five-year programme of educational development and growth of university and secondary education.
- (vi) *Medical*.—Additional grants-in-aid to Lady Hardinge Medical College and cost of training Delhi students at the Medical College at Lahore.
- (vii) *Public Health*.—Expansion of health establishments, increase of grants-in-aid to local bodies including .50 lakh to New Delhi Municipality and the establishment of a new Bacteriological Laboratory.
- (viii) *Agriculture, Horticulture, etc.*—Appointment of a Superintendent of Gardens and his staff and grants for arboriculture.
- (ix) *Civil Works*.—Original works as part of the development of the Capital. Larger expenditure on repairs. Increase in establishments. Enhanced grants-in-aid.
- (x) *Taxes on income*.—Re-organisation of staff, and establishment of a salary circle.

It will be seen that a very large share of the increased expenditure has been caused by the development of the Imperial Capital and the need for maintaining certain standards of administration not only in New but also in Old Delhi.

(4) *Revenues*.—The predominantly urban character of the "province" of Delhi is reflected in the character of its revenues. The principal contributors are Excise, Stamps, Taxes on Income and revenues from urban lands. Rents from residential and other accommodation provided by Government form an unusual feature of Delhi revenues and are a partial set off against the heavy expenditure on the capital programme of Civil Works and the revenue expenditure on them.

The following table shows the growth of the revenues from both "provincial" and "central" subjects :—

TABLE C.

	1913-14.	1920-21.	1922-23.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
Land Revenue	3'53	4'01	3'32	3'41	3'95	4'15	4'34	3'49	2'67	2'73	2'68
Excise	2'71	6'78	4'59	3'88	6'12	8'59	8'97	9'46	9'77	5'33	5'96
Stamps	3'06	7'26	7'21	7'18	7'72	8'24	7'25	7'19	7'51	7'20	7'20
Registration	'23	'45	'43	'48	'50	'44	'44	'49	'52	'47	'
Irrigation . . . . .	..	'02	'06	'03	'04	'03	'02	'01	..	..	..
Justice	'21	'27	'36	'28	'24	'52	'46	'51	'38	'45	'45
Jails	'32	'18	'19	'22	'28	'22	'25	'16	'21	'14	'14
Police	'04	'21	'24	'19	'21	'06	'23	'28	'33	'32	'32
Education	'18	'16	'15	'14	'19	'46	'48	'50	'56	'49	'49
Medical	'01	'08	'10	'11	'11	'08	'07	'19	'20	'20	'19
Public Health . . . . .	..	..	..	..	..	..	..	'12	'08	'77	'07
Agriculture	'01	..	'09	..	..	..	..	'05	'05	'05	'05
Industries . . . . .	..	*	..	'02	..	..	'01	'09	'07	'05	'03
Miscellaneous Departments	'05	'25	'06	'06	'10	'12	'10	'12	'14	'13	'13
Civil Works	1'44	1'61	2'44	4'38	2'90	6'33	6'05	8'25	9'41	15'18	15'75
Pensions	'03	'04	'04	'21	'39	'30	'37	'39	2'52	'11	'11
Stationery and Printing	'05	'08	'07	'03	'02	'02	'03	'03	'08	'09	'09
Miscellaneous	'36	3'13	1'36	2'10	3'16	1'97	1'02	2'13	1'73	2'06	1'81
<hr/>											
Total "Provincial" Subjects	12'23	24'23	20'71	22'72	25'93	32'03	30'72	33'46	36'23	35'77	35'94
<hr/>											
Currency . . . . .	..	'22	†	..	†	..	..	..	..	..	..
Customs—Cotton excise duty	'04	'65	1'41	1'92	1'55	—'9	..	..	..	..	..
Taxes on Income	2'13	12'80	8'27	9'56	11'44	11'20	11'57	10'40	11'40	8'99	6'67
Opium	'25	'14	'23	'37	'11	..	..	..	..	..	..
<hr/>											
Total "Central" Subjects	2'42	13'81	9'91	11'85	13'10	11'11	11'57	10'40	11'40	8'99	6'6'
<hr/>											
GRAND TOTAL	14'65	38'04	30'62	34'57	39'03	43'14	42'29	43'86	47'63	44'76	42'

* Included under "Miscellaneous Departments".
† Figures not separately available.

Explanations.—Against the growth of excise revenue should be set off the compensation of 3·12 lakhs payable since 1925-26 to the Punjab and the United Provinces Governments.

The growth under Stamps has been due to the growth of Delhi as the capital and to increased rates.

The increase under Civil Works has been due to the growth of rents from residential and other accommodation provided out of heavy capital expenditure.

The growth of receipts under miscellaneous has been due to increased premia on plots of land sold.

The fall under customs was the result of the abolition of the cotton excise duties.

The growth under taxes on income is nominal and has been the result of the identification of income tax collected on salaries in the Delhi Salary Circle.

(5) *Departmental proposals for economy.*—Home Department has offered to reduce expenditure as below :—

	Rs.
(i) Direct Demands on Revenue by	23,650
(ii) General administration „	19,330
(iii) Administration of Justice „	15,420
(iv) Jails and Convict Settlements „	16,600
(v) Police „	Nil
(vi) Medical „	24,679
(vii) Public Health „	20,730
(viii) Other heads „	2,09,238
Total	3,29,647

The department has pointed out that if head “Education” for which there is a provision of Rs. 9,97,200 is left out, the total grant for Delhi is reduced to 37·09 lakhs and that the reduction of expenditure offered amounts to a little under nine per cent.

(6) *Our proposals.*—(i) We have considered the suggestion that Delhi should be amalgamated with the Punjab or the United Provinces. But, this question raises controversial issues and we have therefore decided to base our proposals on the basis of Delhi continuing to be an imperial enclave. We do not, however, see why it should not be constituted into a “civic” area somewhat on the lines of the London County Council with the existing local bodies functioning under the Council. The Council should, on the same analogy, control its own police, education, etc.

(ii) We hold that the practice of describing Delhi, with a population of 6,36,000 and an area of 573 square miles, as a “province” or a “local administration” has in the past led to the cultivation of an outlook which has resulted in undue expense if not extravagance. We propose that it should be described in the future as the Imperial District of Delhi and its administration should be framed on that basis. The posts of the Chief Commissioner and the Registrar should be abolished and the district should be placed in charge of an officer of the rank of a District Officer on the senior I. C. S. scale of pay. His precise designation is not, *per se*, an important matter, but we advise against any designation being adopted which by analogy and implication is

likely to lead to unnecessary expenditure. Extra powers should, if necessary, be given to this officer. We think that he will have to be given about half of the present Chief Commissioner's establishments to enable him to carry on his extra duties.

Our proposal will yield a saving of about .81 lakh.

(iii) *District administration*.—The general administration of the "district" is carried on by a Deputy Commissioner assisted by an Additional District Magistrate, four Extra Assistant Commissioners, a Land and Development Officer and a Tahsildar of an officer's rank. The 1931-32 grant contains two new provisions of Rs. 24,800 for a whole-time President of the New Delhi Municipal Committee and Rs. 8,800 for a Resident Magistrate. These two posts were to take the place of the combined Resident Magistrate and Secretary to the Municipal Committee, New Delhi, at an extra cost of .25 lakh. The establishments for district administration consist of 2 draftsmen, 4 surveyors and 180 executive subordinates, clerks and servants. The 1931-32 provision for district administration is Rs. 3,22,500.

We hold that the district staff is altogether excessive for the needs of Delhi. We propose that the scheme for a whole-time President of the New Delhi Municipal Committee be dropped, saving Rs. 24,800. At the same time, we think there is no need for the separate post of a Resident Magistrate; this post should therefore be abolished, saving Rs. 8,800. The Resident Magistrate's and the Secretary's combined duties should be carried on by one of the four Extra Assistant Commissioners; it is on this account that we are not proposing any reduction in the number of officers on the district staff, even though we observe that one new post of Extra Assistant Commissioner was created in 1928-29.

We note that in 1927-28 and 1929-30 the district establishments numbered only 153 and 158. Their number went up to 200 in 1930-31 and now stands at 186. The number should be reduced by about 15 per cent. to the 1929-30 level, viz., 158, saving about Rs. 20,000. [In para. 6 (ii) above we have proposed that the district office should get half the establishment of the Chief Commissioner's office]. Allowances and honoraria should be reduced by (a) Rs. 2,400, viz., the two new items and (b) 15 per cent. on the rest, yielding a saving of about Rs. 3,200.

The actual expenditure on Contingencies in 1926-27 and 1928-29 was Rs. 33,508 and Rs. 39,267 respectively. We propose that a reduction of 10 per cent. in the 1931-32 provision of Rs. 42,800 should not be difficult to effect, especially in view of the fall in prices, saving Rs. 4,280.

Our proposals will yield a total saving of Rs. 63,480, or, say, Rs. .63 lakh.

(iv) *Direct demands on the Revenue*.—The provision for the administration of Land Revenue (30), Land Records (103), Excise (7), Stamps (2), Forest (1) and Registration (3) is Rs. 4,55,200; the establishments maintained are shown in brackets after each. The expenditure includes Rs. 3,12,400 on account of assignments to three local Governments and certain other obligatory expenditure. Home Department has offered permanent economies aggregating Rs. 23,650. We recommend that this offer be accepted.

(v) *Administration of Justice*.—(i) *Law and Justice*.—The Punjab High Court, Lahore, does High Court work for Delhi and the Punjab Government are paid Rs. 36,000 in respect of such work. The other staff for the administration of justice is:—(a) A District and Sessions Judge (Rs. 1,000—3,000 plus a special pay of Rs. 150), and 6 subordinate judges and munsiffs.

Establishments number 112. (b) Small Causes Court :—A Judge, a Registrar and an establishment of 30. (c) A Public Prosecutor on Rs. 1,000 per mensem.

The following table shows the growth of expenditure (in lakhs) :—

1913-14	1921-22.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1931-32.
1.14	1.50	1.71	2.13	2.37	2.41	2.50	2.57	2.67

The Chief Commissioner originally offered the following savings totalling Rs. 19,220, viz., Rs. 8,800 under non-voted pay of officers, Rs. 200 pay of establishments, Rs. 4,000 pay of officers, Rs. 6,220 under the various heads "other charges". We cannot ascertain what portion out of this was intended to be of a permanent character. Home Department is now prepared to offer permanent savings of Rs. 15,420, but we do not know the details. Our own proposals below yield a saving of Rs. 17 lakh which is not materially different from the department's offer.

Proposals.—If the provision of Rs. 150 per mensem is for some special and not, as we presume, the ordinary judicial pay to the District and Sessions Judge, it should be abolished; we consider that in the case of the judiciary, special pay is objectionable in principle. For the present we leave this out of our calculation.

One new post of additional subordinate judge was created in 1930-31. There are now in all nine officers. One post should be abolished, saving about Rs. 7,000. The cost of establishments (Rs. 55,500+14,500) should be reduced by one-tenth, saving Rs. 7,000.

Other charges should be reduced to Rs. 12,500 under E-5 and to Rs. 2,800 under D-3 (actuals of 1929-30 being Rs. 12,576 and Rs. 2,878 respectively). Savings Rs. 1,700.

The Registrar for the Small Causes Court should be a judicial officer on a pay not exceeding Rs. 500 per mensem. Saving will be at least Rs. 700; in fact it should be greater.

(vi) *Jails.*—As usual there is a part-time Superintendent in receipt of an allowance of Rs. 150 per mensem and a whole-time Deputy Superintendent. The establishments number 68—jail and 2—medical. The actual cost of jails (apart from jail manufactures) was Rs. 1,45,300 in 1929-30, Rs. 1,33,518 in 1928-29 and Rs. 1,19,207 in 1926-27. The 1931-32 provision is Rs. 1,66,500.

Proposals.—We hold that in view of the fall in prices it should be possible to bring the cost down to about Rs. 1,45,000 by (a) reducing the jail duty allowance to Rs. 100 per mensem, and (b) cutting down establishments and effecting other savings. The Chief Commissioner has, in fact, offered savings of Rs. 16,600; this is also the amount offered on a permanent basis by Home Department. The saving proposed by us amounts to Rs. 21,000.

(vii) *Police.*—The provision for Police is Rs. 11.62 lakhs, i.e., nearly 25 per cent. of the total grant for Delhi in the specific sense. Of this, 10.86 is for the Delhi district police and the rest is meant to meet establishment charges paid to the Punjab Government for the railway police (Rs. 70,400) and for the training of the Delhi police recruit. (Rs. 5,100).

The Delhi district police force is manned by a Superintendent, an Additional Superintendent, an Assistant Superintendent and two Deputy Superintendents. There is also a provision of Rs. 16,200 for special officers in connection with the Delhi Conspiracy case. Establishments include 83 Inspectors, Sub-Inspectors and Sergeants, 1,709 Constables and 32 Mounted police. There are further provisions for additional police and temporary and special establishments including the special staff employed for the guarding of the Secretariat.

The following table shows the growth of expenditure on the district police (in lakhs) :—

—	1921-22.	1924-25.	1926-27.	1928-29.	1929-30.	1931-32.
Pay of Officers . . .	·46	} 7·47	{ ·42 4·57 2·70	·45	·53	·68
Pay of establishments . .	4·22			5·18	5·36	6·54
Other charges . . .	3·46			3·14	3·32	3·64
Total cost of district police .	8·14	7·47	7·69	8·77	9·21	10·86

The Chief Commissioner originally offered no savings, permanent or temporary, in this grant. The Home Department does not appear to be prepared to offer any now.

In our opinion expenditure has grown far too rapidly, even when allowance is made for the facts that the population is largely urban and political crime has in recent years been a noticeable feature of crime in Delhi. The establishments numbered 1,499 in 1927-28 and in each succeeding year went up to 1,646, 1,662, 1,689 and 1,826 respectively. Now that political conditions are no longer as disturbed as they were in 1930-31, the expenditure must be brought down considerably. Our proposals are :—

For a district of the size and population of Delhi the staff appears to us to be excessive. We can see no justification for giving it an additional Superintendent of Police; we consider it a sounder arrangement to have one experienced senior officer of the I. P. S. with an Assistant drawn from the same service and a number of officers of the status of Deputy Superintendents. We propose that the post of Additional Superintendent should be abolished, saving about Rs. 15,000. Even if it be necessary to maintain the present number of officers, *viz.*, 5, we hold that it should suffice to appoint an extra Deputy Superintendent. For the present, however, we assume that no substitute post will be created.

Establishments should be reduced by about 10 per cent., saving Rs. 65,000. Even then the number will be 1,644, besides 9/10ths of the existing additional police and the various special and temporary establishments. The guarding of the Secretariat buildings should be undertaken by the regular police relieved by temporary men paid out of the special provision for temporary establishments. A saving of at least 10 per cent. on the grants of Rs. 36,200 for police clothing and equipment and of Rs. 3,26,400 for other charges will follow as a corollary, even apart from the general fall of prices. Total savings will be at least Rs. 15,000 + 65,000 + 3,700 + 3,620 + 32,640 = say 1·20 lakhs. Even then the police grant will be Rs. 45,000 more than in 1929-30.

(viii) *Education*.—Government maintain a High School costing Rs. 88,800 in charge of a Headmaster assisted by 41 masters and teachers and a clerical and menial establishment of 14. There is also a small educational establishment of 8 directly maintained by Government for special schools at a cost of Rs. 42,800.

Broadly speaking, the educational system is maintained on the grant-in-aid basis, the 1931-32 provisions for grants-in-aid being :—

	Rs.
(a) Delhi University	1,00,000
(b) Arts Colleges	1,09,500
(c) Training College at Lahore (payment made to the Punjab Government for the training of Delhi students) . .	2,700
(d) Secondary Schools (i) Local Bodies	82,300
(ii) Private	2,69,300
(e) Primary Schools (i) Local Bodies	2,08,200
(ii) Private	13,000

For the direction and inspection of educational institutions Delhi has a Superintendent of Education, one-half of whose pay is charged to Delhi and the other half to Ajmer-Merwara and Central India in the proportion 2 : 1. The provision in the 1931-32 budget for Delhi's share is Rs. 8,400. He is assisted by an Assistant Superintendent for female education (Rs. 250—600), an Assistant Inspector, an Assistant District Inspector and an establishment of 14. Direction costs Rs. 10,300 and inspection Rs. 31,400.

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The expenditure on education has grown as shown below :—

1913-14.	1921-22.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1931-32.
.98	3.76	5.26	5.81	6.18	8.08	9.19	9.40	9.97

The Chief Commissioner has proposed the following reductions :—

	Rs.
(a) Grants-in-aid—	
Non-Government Arts Colleges	10,950 — R.
Non-Government Primary Schools	22,320 — R.
Non-Secondary Schools	18,700 — N.R.
Local Government Bodies for Secondary education .	8,230 — R.
Non-Government Primary Schools	1,500 — R.
Local Bodies for Primary Schools	20,040 — R.
Local Bodies for Primary Schools	780 — N.R.
(b) Scholarships	2,000
Other Expenditure Rs. 835+100+825+360+710	2,830
Total .	87,350

It will be seen that nearly 95 per cent. of the proposed reduction is on grants-in-aid. We are unable to support the acceptance of the Chief Commissioner's offer. Our view of the manner in which educational and scientific institutions should be treated has already been explained in the first part of our report (paragraph 10 of Chapter I, page 6) and we adhere to it. Government should, if they consider it expedient, negotiate with the authorities of the institutions concerned and persuade them, if possible, to contribute their quota towards meeting the national exigency. For the present, we leave out of our calculation such savings as may be effected as a result of such action.

As regards inspection, the only reduction we can suggest is that the provision of Rs. 2,700 for additional staff and equipment in connection with inspection should be deleted.

(ix) *Medical*.—The senior Civil Surgeon is also Chief Medical Officer and gets a pay of Rs. 3,000 which is presumably shown in the public health grant. New Delhi also has a whole-time Civil Surgeon throughout the year. The other establishments consist of 7 Assistant Surgeons and 16 others including Sub-Assistant Surgeons, Compounders, clerks and servants.

Expenditure on Medical administration amounts to 5.32 lakhs as below :—

	Rs.
(i) Medical establishments	69,600
(ii) Hospitals and Dispensaries	1,08,300 (including Rs 19,000 grants-in-aid and Rs.10,200 for medical arrangements at New Delhi).
(iii) Other grants-in-aid, contributions and scholarships—	
(a) To Lady Hardinge Medical College	3,14,500
(b) Scholarships to students of the above College	900
(c) Grant for venereal diseases	5,000
(d) Payment to Medical College, Lahore, for the cost of tuition of Delhi students	17,100
(iv) X-ray Institute (in charge of an Assistant Surgeon)	16,600

Medical expenditure has grown as shown below :—

1913-14.	1921-22.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1931-32.
1.11	3.32	3.37	5.08	5.45	5.18	5.32	5.57	5.32

The Chief Commissioner has offered savings of Rs. 800 on non-voted allowances and of Rs. 18,589 from certain voted items. They do not, however, appear to be of a permanent character. Permanent savings of Rs. 24,680 have since been offered by the Home Department under this grant.

Our proposals are :—

- (a) We have already proposed [Chapter XIX, paragraph 7 (i), page 47, Part I of our Report] that one Civil Surgeon should move with the Government of India between Delhi and Simla. By way

of an explanation we may add that we had in mind the fact that the policy of locating some offices at Delhi and some at Simla permanently would add to the work at both places or, to put it in other words, that three officers would have to do the same work as has till now been done by four. We have taken account of a saving of Rs. 12,000 on this account under the grant for Medical Services, and therefore shall estimate the saving under the Delhi grant at only Rs. 6,000, the total of Rs. 18,000 being just about one-half of the provision for the pay of the two Civil Surgeons at Simla.

- (b) The Chief Medical Officer gets a special pay of Rs. 250. We find that this is the usual special pay given to a Civil Surgeon for acting as Chief Medical Officer. In this grant, however, we find no provision for it under Medical, though we find there is a provision for a special pay of Rs. 250 p. m. under public health (Account VIII). If, as is likely, the special pay is given to one of the Civil Surgeons for acting as C. M. O., we urge that it should be abolished. If on the other hand it is for public health work and if the post of Assistant Director, Public Health, is abolished as proposed by us [*vide* below], the question of giving some special pay *specifically for public health work* may be reconsidered.
- (c) As regards all other medical expenditure, we would accept the savings offered by the Home Department, *viz.*, Rs. 24,680.
- (d) As regards the grant-in-aid to the Lady Hardinge College we have no objection to Government negotiating with the authorities of the College with a view to its reduction.

On our proposals, total savings will be Rs. 30,680, or, say, -31 lakh.

(x) *Public Health*.—This is in charge of the Chief Medical Officer who presumably gets a special pay of Rs. 250 per mensem for it. In addition to this, New Delhi has a whole-time Assistant Director of Public Health, costing Rs. 15,000 assisted by a Sanitary Superintendent (Rs. 550) and two clerks. Outside New Delhi the arrangements are entrusted to the local bodies to whom special grants-in-aid are given.

The total expenditure aggregates 2.07 lakhs as below :—

	Rs.
(a) Pay of officers and establishment (Rs. 3,000 + 15,000 + 9,500 + 600 for passage)	28,100
(b) Travelling allowances	5,600
(c) Half cost of Health Officer and his Assistant	9,000
(d) Share of cost of Sanitary arrangements	50,000
(e) Public Health grants to local bodies	59,000
(f) Grant to Municipal Committee, Delhi	17,000
(g) Grant to Delhi Health School	6,000
(h) Expenditure for epidemic diseases	21,100
(i) Bacteriological Laboratory	11,200

Expenditure has grown as below :—

1913-14. 1921-22. 1924-25. 1925-26. 1926-27. 1927-28. 1928-29. 1929-30. 1931-32.

1.20 .84 .27 .66 1.43 2.21 1.96 .84 2.07

The Chief Commissioner originally offered a saving of Rs. 13,610 but it is not known how much of it was of a permanent nature. Home Department is now prepared to offer a permanent saving of Rs. 20,730.

Our proposals are :—

- (a) We cannot understand why a clean healthy area like New Delhi with its wide spaces should need a very expensive health officer of the status of an Assistant Director of Public Health on Rs. 1,250 per mensem and, in addition, a Sanitary Superintendent on Rs. 550 per mensem. The former post should be abolished, saving Rs. 15,000. The Chief Medical Officer of Delhi should, as Director of Public Health, be able to supervise health work over the entire district. In this connection paragraph (ix) *supra* may be seen. A Sanitary Superintendent of the present status should suffice for New Delhi in any case ; but if the C. M. O. cannot be given health work, and if, as we have proposed, the Assistant D. P. H.'s post is abolished, the appointment of a somewhat senior health officer on about Rs. 750 per mensem might become necessary. For the present we assume a saving of only Rs. 15,000 and not of Rs. 15,000 + 3,000.
- (b) A reduction of at least 10 per cent. in the provision of Rs. 82,000 for grants to local bodies (Rs. 76,000) and to the Delhi Health School (Rs. 6,000) should be made, saving Rs. 8,200. In the light of the Chief Commissioner's original offer, we think that the saving will be much larger than this.
- (c) A similar reduction should be made in the provision of Rs. 12,200 for "Other charges—Miscellaneous" under Epidemic Diseases.
- (d) Such other economies not included in our proposals above as have been offered should be accepted.
- (e) We estimate that the total savings will be nearly Rs. 30,000.

(xi) *Other expenditure*.—This part of the grant, *viz.*, Account IX, aggregates Rs. 4,77,500. The table below shows its elements and the growth of expenditure on each :—

—	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1931-32.
Najafgarh Jhil . . .	..	·05	·06	·05	·02	·02	·05
Ecclesiastical . . .	·30	·26	·21	·25	·18	·19	·22
Political . . .	..	..	..	..	..	·13	·22
Horticulture . . .	·14	·31	·52	·47	·52	·35	·39
Veterinary . . .	..	..	..	..	..	·11	·14
Co-operative . . .	..	..	..	..	..	·14	·17
Industries . . .	·10	·10	·12	·14	·25	·27	·32
Boilers and Factories. . .	..	·01	·02	·03	·03	·03	·04
Miscellaneous . . .	4·20	3·98	3·69	3·74	3·64	3·63	3·22

Under "miscellaneous," grants-in-aid are the largest item of expenditure, being over 80 per cent. of the total provision for 1931-32.

Home Department has offered Rs. 2,09,238, mainly on grants-in-aid, out of the total provision of Rs. 4.775 lakhs. We have no detailed information on this subject, but, presuming that the cause of Local Self-Government will not suffer thereby, we recommend that this offer may be accepted. If it does not include savings on petty establishments, we think an additional Rs. 5,600 should be saved under petty establishments. On our proposals relating to Ecclesiastical the provision of Rs. 22,400 for Ecclesiastical—Delhi should almost entirely go, leaving only about Rs. 2,240. Thus, total savings under this Account should be $2.09 + .06 + .20 = 2.35$ lakhs.

(7) *Summary of savings.*—On our proposals the total reduction of expenditure (in lakhs) under this grant will be—

- (a) Chief Commissioner and his establishment .81, (b) District administration .63, (c) Direct demands on Revenue .24, (d) Justice .17, (e) Jails .21, (f) Police 1.20, (g) Education .03, (h) Medical .31, (i) Public Health .30 and (j) Other heads $2.35 = 6.25$ lakhs.

We consider that there is still some scope for economy under Account IX, but we are unable to analyse the position in detail. If this as well as such savings as may be effected in the grants-in-aid (especially non-recurring grants) to educational institutions and the Lady Hardinge Medical College are taken into consideration, we hold that the total reduction of expenditure for the 1932-33 budget will be over 6.25 lakhs. Further, we think that in a budget of the character and size of this grant there should be a *minus* provision for "probable savings". Although we ourselves make no such "deduct" provision, there should be room for Finance Department to do so, even after effect is given to our proposals.

CHAPTER XVIII.

GRANT No. 82.—ANDAMANS AND NICOBAR ISLANDS (41·22 LAKHS OR INCLUDING EXPENDITURE PROVIDED FOR IN OTHER GRANTS, 45·73 LAKHS).

(1) *Introduction*.—These islands form a natural chain of a number of islands, some of which are very small, in the eastern part of the Bay of Bengal. Their total area is 3,143 square miles. The damp hot climate, equatorial in type, is enervating and, broadly speaking, unsuitable to people from most parts of India. Most of the area is still covered by dense equatorial jungle. The interior gives shelter to some savage aboriginal tribes, whose numbers are not known. The islands produce some valuable timbers. There are about 2,200 square miles of virgin forest, at least two-thirds of which is estimated to be capable of profitable working. The configuration of the islands is exceptionally favourable both for the extraction and the shipment of timbers. Cocoanuts are the principal produce of the Nicobars. The arable area is extremely small. Port Blair in South Andamans is the chief harbour.

The following table shows the population of the islands—(i) convict and (ii) total—and its sexwise distribution and its growth during the census decade 1921—1931 :—

Year of Census.	Total population.			Convict population		
	Male.	Female.	Total.	In Jail.	Out of Jail.	Total.
1921	20,793	6,293	27,086	..	..	11,532
1931	19,702	9,761	29,463	485	7,053	7,538

We are informed by the department that the islands are of considerable strategic value for the navy. They are treated as a minor administration under the control of a Chief Commissioner assisted by a Deputy Commissioner, three Assistant Commissioners, a Revenue Assistant, a Personal Assistant, an agricultural officer and a part-time medical superintendent.

The Chief Commissioner is treated as a Local Government, even though he has not got the financial powers of a Local Government. He is also the sessions court and tries all murder cases.

The staffs for medical, police, marine, commissariat, jail and other departments have been described in the relevant portions of paragraph 7.

(2) *Convict Policy*.—Port Blair in South Andamans has been used since 1858 as a penal settlement for prisoners from India sentenced to transportation. Under the system in force prior to 1921 a convict used to be kept in the cellular jail for the first six months after his arrival in the Andamans. Thereafter for a period of 9½ years he remained a member of a labour corps, lived in barracks, was fed and clothed by the State and earned a small gratuity in cash. After that he earned a “ticket of leave” and was allowed to live a semi-independent life and to earn his livelihood. After a total period of 20 to 25 years he was released and had to leave the settlement. In addition to the convict population there was even before 1921 a permanent population of “local-born” persons (about 3,000 according to the 1921 Census), who found private employment in the islands as cultivators, traders or Government employees.

Since 1921 Government's accepted policy is to gradually abandon the Andamans as a penal settlement and to develop it as a free colony. In pursuance of that policy Government have taken the following measures. To start with, as many as possible of the convicts who had suffered in health or had proved incorrigible in conduct were transferred to jails in India. Transfers from India were severely curtailed and almost completely stopped. Convicts were given various inducements to stay on as free settlers, *viz.*, relaxation of conditions, grant of "tickets of leave" after a short period of probation and facilities for getting the convicts' wives from India. Tickets were also granted to convicts retained on Government work whereby they were paid wages on a sliding scale according to skill. Convicts on the "rations and free clothing" basis were granted relaxations designed to remove the stigma of the convict state. Efforts were made to induce convicts to import their wives and families and also to obtain convicts in Indian jails to volunteer for transfer to the Andamans. The success of the attempt to provide a population by the settlement of married convicts is open to question.

In the interests of the free population a new Regulation was promulgated rendering it possible to give grants of land with scope for development on a tenure which could extend up to 60 years and to enable small holders to obtain occupancy rights under easy conditions. Convicts cultivating holdings were given the right to acquire from the day of their release occupancy rights in the holdings cultivated by them. These measures gave considerable stimulus to agriculture and cocoanut and other plantations. Government also decided to reclaim certain swamps in the neighbourhood of the more thickly populated parts of the Settlement.

The result of this policy has been a decline in the number of convicts and an increase in that of the free population and also a change in the mental outlook of the convict resulting in his bearing and conduct, his capacity for work and his general health. The areas under cultivation and plantations have grown substantially. There is a larger proportion of self-supporters than before.

(3) *Cost.*—The 1931-32 provisions for Account I which relates to the so-called "Convict Settlement charges" and Account III which relates to stamps inspections of motor vehicles and taqavi loans are 27.49 and 11 lakhs respectively. The provision for Account II relating to Forests is 14.62 lakhs. The total provision thus amounts to 42.22 lakhs after taking into consideration the deduction of 2 lakhs made under Forests for "probable savings". Besides, there is a total provision of 3.51 lakhs included in other grants, *e.g.*, census, civil works, pensions, refunds, etc. Total 45.73 lakhs.

The following table shows the increase or decrease of expenditure (in lakhs) on the administration of the islands :—

	1913-14.	1921-22.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
Convict Settlement Charges.	16.12	34.91	27.13	26.09	26.69	23.78	23.87	29.37	32.40	27.49
Forests	2.75	12.87	11.54	11.34	12.20	14.50	13.29	16.87	13.15	14.62
Account III—Stamps and Miscellaneous.	..	..	..	.05	.05	.05	.10	.10	.10	.11
Civil Works	1.67	1.00	2.62	1.35	1.35	1.57	1.49	2.08	2.40	3.28
Pensions	*	.03	.06	.09	.06	.06	.07	.05	.05	.06
Total	20.54	48.81	41.35	38.92	40.35	39.96	38.82	48.47	54.10	45.56

Note.—For a true picture of the growth of expenditure certain adjustments must be made, *viz.*, (i) the cost of the R. I. M. vessel included in the figures for steamers and station ships should be excluded, (ii) the recoveries on account of commissariat up to 1926-27 should be excluded and (iii) the non-recurring portion of civil works should be excluded. In the absence of the necessary detailed information we do not attempt to give precisely adjusted figures.

(4) *Growth of cost.*—There is, however, no doubt that the expenditure on the administration of the islands as a free colony has grown. Mr. Jukes remarked that between 1924-25 and 1929-30 there had been “a true growth” approximately 12·35 lakhs, of which 8·75 represents non-recurring items. The balance of 3·60 as much as 2·37 under Forests is more than covered by growth in forest revenues and the residue of 1·23 is the result of the policy of developing the islands as a free settlement”. Mr. Jukes’ remarks were based on the 1929-30 budget figures. Compared with these the 1931-32 provisions show growth or decline of expenditure as below :—

- (i) Superintendence ·58, (ii) Medical ·13, (iii) Police ·10, (iv) Marine minus 1·21, (v) Commissariat minus ·10, (vi) Miscellaneous ·08, (vii) Miscellaneous jail charges minus 2·32, (viii) Steamers minus ·35, (ix) Works minus 1·07.

would only offer certain explanations for a correct understanding of these figures.

The provision for “convict subsistence allowance” (*viz.*, ·25 in 1931-32) in the budget for “superintendence” is a new feature arising out of the present convict policy and to a certain extent is a set-off against the decline of expenditure under jail charges. The provision for “marine” varies according to the need for repairs and for supplies. Commissariat charges in 1929-30 were gross and not net. Miscellaneous jail charges should go down as the accepted convict policy gets time to work itself out. The only important changes in regard to the station ship are that the charter money has gone up from 2·82 to 3·39 owing to a steamer of larger capacity being chartered; the estimated recoveries from the Forest Department are also less. As regards “works” the provision has varied mainly according to the estimated need for money for the reclamation of salt swamps.

(5) *Revenue.*—The revenue of the islands is shown in the following table. Practically speaking, the whole of it is derived from forests. The revenue shown under “jails and convict settlements” contains little besides the adjustment of recoveries from other departments on account of the hire of convicts and the sale of stores. Prior to 1926-27 recoveries from the Forest Department on account of the services of the steamers were credited as Forest Revenue; these are now shown as a deduction from the expenditure on the steamers.

	1913- 14.	1924- 25.	1925- 26.	1926- 27.	1927- 28.	1928- 29.	1929- 30.	1930- 31.	1931- 32.
Taxes on Income	·14	·13	·13	·14	·14	·15	·18	·17
Land Revenue	·39	·47	·36	·49	·66	·60	·64	·64
Excise	·04	·07	·06	·10	·17	·16	·17	·17
Stamps	·05	·05	·05	·05	·06	·06	·07	·07
Jails, etc.	5·33	4·31	1·89	2·77	1·86	2·54	2·75	2·74
Forests	7·26	8·91	11·71	14·18	15·01	20·07	19·23	20·15
Civil Works	·05	·07	·11	·19	·11	·09	·18
Miscellaneous	·02
Total Revenues	●	8·84	13·21	14·00	17·34	18·09	23·74	23·16	24·17
Total Expenditure	●	20·54	41·35	38·92	40·31	39·96	38·81	46·35	42·22
Excess of Expenditure	●	11·70	28·14	24·08	26·03	22·62	20·72	22·61	18·05

(6) *Departmental proposals*.—The following reductions have been proposed for the various heads excluding forests, viz.,

	Rs.
A. Superintendence	17,160
B. Medical	16,980
C. Police	13,100
D. Marine	1,600
E. Commissariat	23,500
F. Miscellaneous	3,600
G. Jail Charges	70,440
H. S. S. Maharaja	25,000
I. Station Ship	31,000
J. Works	3,23,000
Total	<u>5,25,380</u>

The total expenditure under these heads amounts to Rs. 27,49,000 and the proposed cut works out to about 19 per cent. Excluding J—works, the cut amounts to about 12 per cent.

As regards Forests, the department holds that no considerable reductions can be made without affecting the revenues which amount to Rs. 20 lakhs against an expenditure of about Rs. 14½ lakhs, but the department remarks at a saving of Rs. 50,000 may be effected.

(7) *Our proposals* :—

(A) *Account I.*

(i) *Superintendence*.—(a) As in the case of Delhi, we think the administration of these islands should be placed on the footing of a district. We realise that the head of this administration may sometimes have to take decisions on important questions and act on his own initiative. Even then we think that a senior district officer should suffice. He may be called Commissioner but his pay should be on the senior I. C. S. scale (which applies to army officers holding posts borne on the I. C. S. cadre) *plus* a special pay of about Rs. 250. We may add that prior to 1920 the pay of this post was Rs. 2,500—100—3,000.

Apart from the Chief Commissioner, there are 7 officers, viz., A Deputy Commissioner, 3 Assistant Commissioners, a Revenue Assistant, a Personal Assistant to the Chief Commissioner and an Agricultural Officer. For a total population of about 27,000 we consider a general administration on this scale excessive and we propose that the number of these officers should be reduced from seven to six. The provision of Rs. 1,800 for Medical Superintendence should be deleted. The Civil Surgeon's total emoluments appear to us to justify our proposal.

On these proposals the savings would be about Rs. 36,000 *plus* Rs. 1,800 = say, 38 lakh.

(b) In 1929-30 and 1930-31, establishments numbered 71 and cost 78 and 86 lakh respectively; for the current year the strength is 78 and the cost 1.30 lakhs. We observe that the sudden growth of expenditure is mainly due to the introduction of "convict subsistence allowance." But even if this provision were omitted from calculation, the cost would still be 1.05. We do not think that the present accepted policy in regard to the Andamans justifies the growth of such expenditure so fast and we propose that the cost should be brought down by 15 per cent., saving nearly Rs. 19,000.

(c) As regards allowances, we observe that the actuals were Rs. 42,040 in 1926-27, Rs. 39,103 in 1928-29 and Rs. 58,330 in 1929-30. These included the Chief Commissioner's sumptuary allowance (sanctioned in 1925 for the first time), which on our proposals would not be needed any longer. Even if the head of the administration continues to be designated Chief Commissioner, we propose that it should be cut out, saving Rs. 2,400. The reduction of the number of officers and establishments proposed by us must involve the reduction of the provision of Rs. 66,700 for other allowances. We propose that the aggregate provision for 1932-33 should be reduced from Rs. 69,100 to Rs. 47,600.

(d) The provision for grants-in-aid, contributions, etc., (A-4) should similarly be reduced by at least Rs. 1,200; this proposal assumes the reduction of two posts of officers entitled to the concession of passages for self and family.

(e) On our proposals the total reduction of expenditure will be .81 lakh as against Rs. 17,160 offered by the Home Department.

(ii) *Medical*.—The 1931-32 provision is 1.78 lakhs against .88 in 1926-27, 1.30 in 1928-29 and 1.66 in 1929-30. There are now five medical officers; in 1928-29 there were three and in 1929-30 four. The cost on account of the pay of medical officers has gone up from Rs. 35,321 in 1928-29 and Rs. 41,463 in 1929-30 to Rs. 60,200 in the current year. The islands have as many as nine civil and convict hospitals and ten dispensaries. Home Department has offered a permanent saving of Rs. 16,980. We do not consider this adequate. In our opinion the budget has grown too fast. After making due allowance for various considerations, we think the medical expenditure should be brought down to the level of 1928-29, *i.e.*, to 1.30 lakhs. Savings Rs. .48 lakh. In this connection the special pay of Rs. 300 to the junior medical officers, who are drawn from the I. M. D., should be revised.

(iii) *Police*.—The Andamans police is largely military in character, and is manned by a Commandant (actual pay, Rs. 1,235 *plus* the Indian Army Allowance of Rs. 200 *plus* a special pay of Rs. 350) and a Deputy Superintendent (actual pay, Rs. 300 *plus* a special pay of Rs. 100). The force consists of 611 men and a boat crew; only 54 of the men are the civil police. The following table shows the growth of expenditure:—

1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1931-32.
2.53	2.61	2.64	2.55	2.71	2.91	2.95

Under the present accepted policy, we do not see the justification for the growth of expenditure under this head. In our view it should go down gradually. Home Department has offered a saving of Rs. 13,100. Further it has proposed to reduce the establishments by 40. We recommend that the provision should be reduced by 15 per cent., *i.e.*, by about Rs. 45,000.

The policy of employing an army officer as Commandant and paying him the army allowance and a large special pay should be revised; we hold that the time has now arrived for initiating seriously the policy of converting the Andamans police from an armed military battalion into a civil police force.

(iv) *Marine*.—The islands have some harbours which necessitate the maintenance of a marine department; the 1931-32 provision for this department is 1.72 lakhs net. The staff consists of an Engineer and Harbour Master (pay

Rs. 750) and an establishment numbering 72. The growth of permanent establishment and that of expenditure (in lakhs) other than that on the fluctuating item of marine supplies are shown in the following table :—

	1924- 25.	1925- 26.	1926- 27.	1927- 28.	1928- 29.	1929- 30.	1931- 32.
No. of establishments	46	46	57	58	58	72	72
Total cost of "Marine"	·47	·48	·57	·63	·72	·76	·84

Home Department has offered a saving of Rs. 1,600 under the marine grant but we consider it quite inadequate. In our opinion a reduction of 10 per cent. (=17,230) is the minimum that should be effected.

The marine department supplies coal to the R. I. M. vessels also. The price charged for coal so supplied should be calculated so as to include a proportionate share of all overhead expenses, if this is not being done already.

(v) *Commissariat*.—This department is maintained for the supply of provisions to the convicts and to troops and the police stationed in the islands. It also supplies meat, milk, flour and butter to the official population. It is administered by a Commissariat officer belonging to the Indian Army, who, in addition to his pay (actual pay, Rs. 655) gets a staff pay of Rs. 350 and a special pay of Rs. 100. The permanent establishment consists of 7. The following table shows the growth of expenditure :—

	1926- 27.	1927- 28.	1928- 29.	1929- 30.	1930- 31.	1931- 32.
Pay and allowances, passage and contingencies	·18	·18	·19	·19	·19	·21
Supplies—						
Bakery	·07	·09	·08	·03	·08	·12
Dairy	·13	·12	·13	·18	·17	·46
Slaughter house	·49	·38	·37	·09	·30	·57
Other charges	2·32	1·30	·49	1·17	1·10	2·32
Recoveries	..	..	..	..	—50	—97
Net cost of supplies	3·01	1·89	1·07	1·46	1·15	2·50
Total cost	3·20	2·07	1·26	1·65	1·34	2·72

It will be observed that compared with the actuals of 1928-29, 1929-30 and 1930-31 the net total cost has gone up by over a lakh, and is almost double of the average (1·42) of those three years. The Chief Commissioner, while offering a total saving of ·23 lakh, explains this sudden and large growth as being due to the inclusion of freight charges. We cannot accept this or the statement that "the only fact which can lead to a marked reduction in the cost of these services is a decrease in the number of convicts" as a valid reason or a cogent explanation. The convict population is, we presume, declining and not growing. During the last few years prices too have been declining and not rising. We agree with Home Department in holding "that further economies could be effected by tightening up control, e.g., by reducing wastage and rigid scrutiny of indents, and would only add that prices for meat, milk,

flour, butter, etc., supplied to the police, the troops and the civilian population should be so regulated as to equalise them, as far as practicable, with prices which would be charged in a free competitive market. Action along these lines should enable the commissariat department to run without such heavy losses as appear to have been incurred. We propose that the net budget should be brought down to about the level of 1928-29, saving 1.46 lakhs in place of the saving of Rs. 23,500 offered by Home Department.

In this connection we think that a cheaper agency should be employed for the administration of the commissariat. As the daily ration strength of the detachment of British troops stationed in the islands is only about 135 men, we do not see why the commissariat officer should be such an expensive army man. We may explain that the present officer's pay is Rs. 655 and his extra emoluments, viz., 350 and 100, amount to over 70 per cent. of his pay.

(vi) The miscellaneous departments maintained in the islands and their cost are shown in the following table :—

	1924-25.	1926-27.	1928-29.	1929-30.	1930-31.
Veterinary	·04	·05	·07	·08	·10
Education	·24	·27	·40	·44	·54
Treasury Registration, etc. .	·03	·03	·05	·04	·09
Total	·31	·35	·51	·57	·73

The establishments consist of 2 veterinary assistants with some temporary establishment, 29 teachers, a treasurer and a clerk and a registration clerk.

We agree that with the growth of the "free" population and an increase in the number of children born in the islands the demand for educational facilities must grow. We therefore propose that the education budget should remain as it is. Expenditure on the other departments was ·12 lakh in 1928-29 and 1929-30; the 1931-32 provision for them is ·18. We think it should be brought back to somewhere near the level of 1928-29 or 1929-30. Allowing for growth due to the accrual of increments we think it should be reduced by the amount, viz., Rs. 3,600, offered by Home Department on the whole of this portion of the grant.

(vii) *Miscellaneous jail charges.*—The 1931-32 provision for this is 6.90 lakhs and includes Rs. 20,500 for clothing, Rs. 39,600 for passage money and payments to witnesses attending criminal courts, Rs. 5,38,000 for subsistence money, Rs. 20,700 for forest supplies and Rs. 100 for jail press supplies. These items depend on the relative proportions of the convict population in and out of jail and for purposes of a true comparison we propose to leave them out of our calculation. The expenditure on the other items in this part of the grant has varied as below :—

	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
Pay of Establishments . . .	·48	·45	·46	·50	·46	·51	·52	·53
Allowances of Establishments .	·04	·04	·04	·05	·04	·05	·05	·05
Contingencies	·12	·12	·12	·12	·15	·13	·12	·11

The jail population has been declining and we think the strength of establishments should also go down ; in fact we observe that the present number, viz., 30, is the same as in 1928-29. We agree with the Chief Commissioner and Home Department that the rate of subsistence money which used to be Rs. 11 per mensem should not be reduced below Rs. 10 per mensem. It is not possible for us to analyse the position further and we recommend that the saving offered by Home Department, viz., Rs. 70,440 which includes about Rs. 60,000 on subsistence money for convicts out of jail, be accepted.

(viii) *Steamer* "Maharaja".—Government have chartered from the Asiatic Steam Navigation Company a steamer, the "Maharaja" which plies between these islands and Calcutta, Rangoon and Madras. The charter costs Rs. 4.34 lakhs a year. The only fluctuating items which are amenable to appreciable reduction are the cost of coal, Indian port expenses and "other charges". The provisions for these were Rs. 53,542, Rs. 68,321 and Rs. 21,360 in 1929-30 ; in the 1931-32 budget they are Rs. 60,000, Rs. 68,000 and Rs. 24,800 respectively. Against the gross expenditure there are recoveries, mainly from the forest department.

Home Department has offered a saving of Rs. 25,000, viz., Rs. 16,000 on the cost of coal, Rs. 8,000 on port expenses and Rs. 1,000 on other charges. It is proposed to reduce the number of sailings between the islands and the Indian ports. We recommend that this offer be accepted. Since the prices of coal and other materials have fallen, we do not consider it at all difficult to effect the proposed saving.

We must, however, observe that *prima facie* the charter money, viz., 4.32 lakhs appears to us to be extremely high for a steamer for this purpose. During the present trade depression steamers can be purchased cheap and in our opinion it will be a sound investment to buy up a steamer or two outright ; in 1930 the estimated capital cost of a steamer for this purpose was £60,000. The present charter expires in September 1933. We do not know whether there is any provision for terminating it after giving a stipulated or a reasonable notice. In any case we propose that the matter should be investigated.

(ix) *Station ship*.—The administration maintains a station ship, which plies mainly between the islands and makes trips to Rangoon and occasionally to Madras. It is also used for the transport of troops. To all intents and purposes it is a second steamer serving the islands. The charter costs Rs. 3,39,200 and the total provision is 4.54 lakhs gross and 2.04 net. This steamer was chartered only recently and therefore comparison with expenditure in previous years can afford little guidance. Home Department has offered a saving of Rs. 31,000, viz., Rs. 15,000 on the cost of coal, Rs. 15,000 on Indian port expenses and Rs. 1,000 on other charges. It is also proposed to reduce the number of sailings. We recommend its acceptance. We also endorse the Home Department's suggestion that this ship should be used for the duty of tending lighthouses along the Burma coast. The need for a station ship should be re-considered.

(x) *Works*.—The 1931-32 provision is 3.23 lakhs. It was intended for the reclamation of certain salt swamps. This work has been completed at a total cost of 16.10 lakhs against the original estimate of 14 lakhs. It is unlikely that any provision will be needed for 1932-33. The budgetary position should therefore improve automatically by 3.23 lakhs in 1932-33.

(xi) In a budget of the character and size of this grant we hold that there should be a *minus* provision for "probable savings". In the original budget for 1930-31 there was a provision of 1.50 lakhs for this purpose ; in the revised budget the amount was reduced to 1 lakh. The 1931-32 budget has no such provision in this account, though we note that there is a *minus* provision of 2 lakhs in Account II. In our opinion there should be room for Finance

Department to provide for some "probable savings" in this account in the 1932-33 budget even after effect is given to our proposals. But, we shall leave out of our calculation such savings as Finance Department may be able to effect.

(xii) On our proposals the reduction of expenditure in Account I will be 7·90 lakhs.

(B) *Account II.*

(xiii) This account relates to Forests. The gross provision for 1931-32 is 16·62 lakhs, but there is a *minus* provision of 2 lakhs for "probable savings". The following table shows the rise or fall of expenditure on certain items relating to the exploitation of the forests in the islands :—

	1924- 25.	1925- 26.	1926- 27.	1927- 28.	1928- 29.	1929- 30.	1930- 31.	1931- 32.
Removal	7·41	7·45	7·36	8·07	8·12	9·60	9·70	11·15
Livestock, stores, etc. . . .	1·33	2·04	2·45	1·56	2·18	1·73	1·63	1·45
Communications, etc.	·67	·11	·23	·03	·14	·10	·10	·16
Conservancy, etc.	10·12	9·93	10·65	10·03	10·95	11·76	11·80	13·17
Establishments, etc.	1·41	1·42	1·55	1·45	1·66	1·54	1·57	2·11
Total of Account II	11·53	11·34	12·20	14·50	13·36	16·87	18·16	16·62

The superior staff maintained consists of a Chief Forest Officer, two Deputy Conservators, five Extra Assistant Conservators, a Veterinary Officer and an Accounts Officer. The establishments number 84 to which has been added in 1931-32 an engineer and 18 others. It will be seen that the net cost of officers and establishments has jumped up from 1·57 in 1930-31 to 2·11 in 1931-32. Apart from a decrease in the share charged to "Capital", the principal reasons for the upward jump are the appointment of the new staff and additional provision for temporary establishments.

Receipts from forests are estimated at 20·14 lakhs.

The Chief Commissioner offered for 1931-32 a saving of 1·46 lakhs from the net grant of 14·62 lakhs. A permanent saving of ·50 lakh has since been suggested by Home Department. We do not consider the offer adequate. For the exploitation of forests of this size the staff employed appears to us excessive, and in our opinion two officers' posts—A Deputy Conservator's and an Extra Assistant Conservator's—should be brought under reduction. We do not see the need for the new staff sanctioned with effect from 1931-32. There appears to be ample room for savings under head "A", *i.e.*, "Conservancy, maintenance and regeneration". We think it should not be difficult to repeat in 1932-33 the savings totalling 1·46 lakhs which the Chief Commissioner offered in respect of the current budget. We propose that the budget for 1932-33 should be reduced by 1·50 lakhs and the provisions under A-1 and B-2 should be specially scrutinised, so as to yield a saving of 1·50 lakhs in all.

(C) *Account III.*

(xiv) *Other expenditure.*—The only item of importance in this account is the provision of ·10 lakh for the writing off of irrecoverable taqavi loans. In respect of 1931-32 the Chief Commissioner offered to save Rs. 4,000 and

Home Department recommended the acceptance of the offer. We observe, however, that the actual expenditure was Rs. 9,600 in 1928-29 and Rs. 10,049 in 1929-30. We therefore propose to leave this Account as it is.

Summary of Savings.—On our proposals there will be a total reduction of expenditure of $7\cdot90$ plus $1\cdot50 = 9\cdot40$ lakhs.

(8) *General scrutiny.*—In this grant we have found numerous cases of what appears to us to be over-budgetting and lack of adequate control over the growth of expenditure. As illustrations we may mention (a) the 1931-32 provisions for the bakery, the dairy, the slaughter-houses, other commissariat charges, cost of coal for the S.S. "Maharaja" and the station ship, (b) the fact that a larger-sized steamer was chartered for service as a station ship and (c) the growth of the staff, e.g., the number of medical officers. Some decline of expenditure should have been the normal result of the present accepted policy in regard to the convict settlement; in fact we observe that, broadly speaking, the tendency is towards an increase. We have come to the conclusion that the entire position needs a thorough scrutiny on the spot by a Finance officer and we propose that it should be undertaken as early as possible. In this connection, the need for a second steamer to serve as the station ship should also be reviewed in the light of our observations in sub-para (ix).

(9) *Conclusions as to financial prospects.*—A striking feature of the administration of these islands is the very great excess of expenditure over revenues. This is the inevitable result of the past history of the islands as a penal settlement. The Inchcape Committee observed that the pre-war excess of expenditure over revenues, which was 11·70 lakhs, had threatened to grow to 34·48 lakhs and made proposals for the reduction of the gap by 4·43 lakhs. Even then the excess would have been about 30 lakhs. It has been substantially reduced since as a result of the new policy adopted in 1921. If the heavy outlay of 16·10 lakhs on the reclamation of salt swamps financed in the last three years be left out of account, the average excess of expenditure over revenues is gradually declining. The present policy should lead to a growth of forest and other revenues. Under the proposals we are making the gap will be narrowed still further to about 8 lakhs, so that, whether the islands are to remain as part of India proper or are to be made over to a separated Burma, they will cease to be the heavy financial burden which they have been in the past.

CHAPTER XIX.

GRANT NO. 86.—EXPENDITURE IN ENGLAND UNDER THE CONTROL OF THE SECRETARY OF STATE FOR INDIA (34·77 lakhs).

GRANT NO. 87.—EXPENDITURE IN ENGLAND UNDER THE CONTROL OF THE HIGH COMMISSIONER FOR INDIA (75·14 LAKHS).

(1) *Explanation of grants.*—(A) The net grant of 34·77 lakhs for the India Office may be set out as below :—

(i) Salaries of establishments (27·09) <i>minus</i> recoveries from the British Exchequer (13·8)	14·01
(ii) India Office expenses—Postage and telegrams (1·03), contingencies (2·19), other expenditure (·17) <i>minus</i> recoveries (1·21)	2·18
(iii) Audit establishments (2·26) <i>minus</i> recoveries from the British Exchequer (·44) and portion chargeable to High Commissioner (1·03)	·79
(iv) Contribution to League of Nations (9·03) and other expenditure in that connection (·80)	9·83
(v) Miscellaneous civil charges of which stationery and printing (1·54 gross and 1·08 net) and Secret Service expenditure (1·07) are the largest single items	7·96
Total	34·77

(B) The High Commissioner's grant of 75·14 lakhs for 1931-32 consists of the following items (for details *vide* table in paragraph 8) :—

(i) High Commissioner and his office	12·80
(ii) Education Department	1·33
(iii) Stores Department	27·24
(iv) Trade Department	2·03
(v) Portion of cost of India Office Audit establishment	1·03
(vi) Grants-in-aid (·13), unforeseen charges (·03) and other charges (·35)	·51
(vii) Recoveries, <i>viz.</i> , (a) surcharges on stores for central "commercial departments" (2·61), and for provincial governments (2·41), (b) provincial share of cost of establishments for issue of leave salaries, pensions etc. (2·88) and of the Education Department (1·91)	—9·81
Net	35·13
(viii) Disbursements by High Commissioner on instructions from India—mainly leave salaries, pensions etc.	40·01
Total	75·14

(2) *Control.*—Though nominally the administrative control over the High Commissioner's Office is vested in the Commerce Department, the demand for the grant is presented by the Finance Department and in fact several departments of Government purport to control the various parts of it. Budget control as such must be ineffective.

The demand for the voted portion of the India Office estimates is presented to the Indian Legislature by the Finance Department. The Secretary of State is, however, empowered by section 2(2) of the Government of India Act, 1919, to "superintend, direct and control all acts, operations which relate to the government or revenues of India and all grants of salaries, gratuities and allowances and all other payments and charges out of, or on, the revenues of India", except where a devolution or delegation of his powers has taken place.

(3) *Historical*.—Prior to 1920-21 the India Office performed not only political functions but also “agency” work on behalf of the Government of India. Under the provisions of Section 22-A of the Government of India Act, 1919, a High Commissioner was appointed in 1920-21. The whole cost of his office was intended to be, and is, a charge on Indian revenues and he was to “perform for India functions of agency, as distinguished from political functions, analogous to those now performed in the offices of the High Commissioners of the Dominions”. Stores and Students’ Departments and certain minor matters were transferred on 1st October 1920 and further transfers of work were made on 1st April 1921 and 1st April 1922.

Concurrently with the provision for the appointment of a High Commissioner, the Government of India Act as revised provided that “the salary of the Secretary of State shall be paid out of moneys provided by Parliament, and the salaries of his under-secretaries and any other expenses of his department may be paid out of the revenues of India, or out of moneys provided by Parliament”, and similarly, that the salaries and allowances of the members of the Council of India may be paid from either of these sources. A Committee appointed to consider the allocation of the balance of the expenditure of the India Office, after transfer of certain of its functions to the High Commissioner, recommended that :—

- (i) the salary of the Parliamentary Under-Secretary of State as well as the salary of the Secretary of State be definitely placed on the British Parliamentary vote ;
- (ii) in the case of the remaining expenditure a distinction be drawn between the charges incidental to the political and administrative duties of the Secretary of State, acting as a Minister, and the agency business still conducted by the India Office on behalf of the Indian authorities ; and
- (iii) that under this arrangement the British Treasury be liable for —
 - (a) the salaries and expenses (and ultimately pensions) of all officials and other persons engaged in the political and administrative work of the office as distinct from the agency work, and
 - (b) a proportionate share determined with regard to the distinction laid down in (a) of the cost of maintenance of the India Office,

the exact sum payable under (a) and (b) respectively to be determined by agreement between the Secretary of State and the Treasury from time to time.

Detailed calculations to give effect to this settlement were worked out by a departmental committee which recommended that for a period of five years from the 1st of April 1920 the Treasury should make to the India Office an annual lump sum contribution which would remain constant for that period. In pursuance of these recommendations, the salaries of the Secretary of State and Parliamentary Under-Secretary are now charged on the Parliamentary votes and a grant-in-aid in respect of the India Office is made by the Treasury. The grant-in-aid for 1920-21 was, in the first instance, fixed at £72,000 on the basis of the 1920-21 estimates ; but later in the year, on the basis of a revised estimate submitted by the India Office, it was fixed at 136,000 per annum for the period 1920-21 to 1924-25.

Subsequently, in the course of 1921-22 as a result of a reduction in the rate bonus due to the fall in the cost of living, the Secretary of State in Council decided to relax the agreement to the extent of conceding to the Imperial revenue a proportionate share of any economy that could be effected in the estimates for 1922-23 as compared with the figures on which the subsidy was based. This resulted in the grant-in-aid being reduced to £113,500 which was distributed among the main account heads as follows :—

	Gross expenditure.	Contribution.	Net expenditure.
	£	£	£
General Administration	252,700	101,400	151,300
Audit	13,700	5,800	7,900
Stationery and Printing	14,000	6,300	7,700
Total	280,400	113,500	166,900

This reduction did not take fully into account the reorganisation of the establishments then contemplated in the India Office on the lines laid down for administrative offices of the British Government. If allowance had been made for this, the grant-in-aid would have been fixed at a sum of £122,000, presenting a saving of £8,500 to Indian revenues.

(4) *Growth of expenditure.*—We have given under each grant various tables to show how expenditure has varied. Here we shall give some tables to show the variation of expenditure and the growth of staff in the India Office and the High Commissioner's office as parts of an organisation which was once unitary—

(i) The total establishments of the India Office just prior to the institution of the High Commissioner numbered 1,135, but this was an abnormally inflated number due to the aftermath of the war. In spite of the devolution and delegations in favour of the Government of India and the provinces and the inauguration of the Indian Stores Department the staffs in the two offices numbered 1,194 *viz.*, 690 in the India Office and 544 (including 16 men employed on temporary decoration work) in the High Commissioner's, in 1930-31. It should be noted that even since 31st March 1931 the High Commissioner's staff has increased by 14.

(ii) Again, in spite of the decline in salaries under the operation of the sliding scale, the gross cost of salaries in the two offices (excluding the Trade Commissioner but including the Stores and Education departments) has been (in thousands of pounds) :—

	1920-21.	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.
India Office	308	259	220	200	191	185	191	191	189	194	195
High Commissioner	52	129	130	126	128	141	142	148	154	133	172
Total	360	388	350	326	319	326	333	339	343	327	367

(iii) The growth of expenditure on certain incidental charges is shown in the following tables :—

	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
P. and T. charges	2,853	3,356	1,969	2,101	2,237	2,726	2,193	1,800	1,970	1,866	2,100
Health Insurance	695	867	363	695	837	803	887	907	776	872	900
Contingencies	4,128	7,453	6,137	6,444	7,324	5,334	5,526	6,544	11,873	15,503	17,100
Stationery	5,316	5,437	4,763	4,690	5,358	4,326	5,030	4,447	4,593	7,121	6,000
Total	12,992	17,113	13,232	13,930	15,756	13,279	14,341	13,898	19,211	25,367	26,100

(iv) The following table shows the growth of the gross expenditure on the salaries of the staff of the India Office and the High Commissioner's office. The former set includes Audit costs and the latter includes salaries under all heads.

	Secretary of State.			High Commissioner.			
	Expenditure.	Recoveries.	Difference.	Expenditure.	Recoveries.	Difference.	Net total.
	£	£	£	£	£	£	£
1913-14	151,793	...	151,793	...	...	...	151,793
1918-19	220,336	...	220,336	...	...	...	220,336
1919-20	295,163	...	295,163	...	...	...	295,163
1920-21	323,022	...	323,022	51,671	...	51,671	374,693
1921-22	275,187	190,895	84,293	128,847	91,014	37,833	122,135
1922-23	234,300	107,200	127,100	129,227	70,730	58,997	186,067
1923-24	212,759	148,343	64,417	130,115	68,683	61,433	125,840
1924-25	204,780	149,087	55,693	133,631	65,319	68,313	124,005
1925-26	205,540	151,496	54,044	147,213	111,062	36,151	90,196
1926-27	203,505	126,115	77,390	150,411	123,512	26,599	103,989
1927-28	203,868	124,045	79,823	156,612	160,886	-4,274	75,549
1928-29	202,742	121,838	80,904	162,504	104,174	58,330	139,234
1929-30	207,229	119,004	88,225	173,450	118,174	60,276	143,501
1930-31	208,069	122,504	85,565	187,743	100,362	87,386	173,571
1931-32 (Budget)	220,125	118,200	101,925	189,675	73,875	116,100	218,025

We shall now deal with each of these grants separately.

GRANT NO. 86.—SECRETARY OF STATE.

(5) *Secretary of State's proposals*.—A Retrenchment Committee appointed the Secretary of State in May 1931 (over which Sir Henry Wheeler presided) reported to him that (i) owing to the presence in the estimates of large items of immutable nature, in particular the contribution of £37,725 towards the staff of the League of Nations secretariat, anything approaching an all-round reduction by ten per cent. either in the current year or in the immediate future is impossible, (ii) an immediate investigation in regard to the retrenchment staff was undesirable in view of the imminence of the resumption of the Round Table Conference, (iii) the automatic operation of the sliding scale governing the cost of living bonus payable to the staff had reduced the net cost of the staff by approximately $7\frac{1}{2}$ per cent since the period of stability in 1923–26, (iv) the possibility of effecting some reduction under telegrams, air mail, office repairs, lighting and fuel, house articles, books and periodicals, library and advertisements would be explored, (v) extended use of the wireless replacement of the cable might be made, (vi) the reduction or even discontinuance of the contribution to the Indian Museum Collection at Kew might be examined, (vii) the possibility of retrenching expenditure on the personnel attending conferences (e.g., International Labour, Disarmament, Opium and Drugs, Treatment of Foreigners) and the Assembly of the League of Nations could be investigated in India, and (viii) an effort should be made to secure the discontinuance of the annual contribution of £12,000 from Indian provinces in aid of diplomatic establishments in China.

The Secretary of State has intimated that he has accepted these conclusions and initiated action on the lines proposed. The question of reduction in the scale of allowances for Delegates and Advisers to International Conferences and the Delegates to the resumed Round Table Conference was taken up and some reduction was effected. He has added that the question raised in (viii) will be taken up in due course but no other saving in the grants for "Political" and "Frontier Watch and Ward" appears practicable.

The India Office states that the savings cannot be precisely estimated, but as promised that the greatest possible economy will be exercised.

Procedure followed by us.—The Secretary of State laid down the following procedure for us:—"If your Advisory Committee should wish to make any comment on this grant, they should be addressed to myself through your Government and not to the Government of India direct". Our official colleague Mr. Nixon suggested that we should await the report of the Secretary of State's Economy Committee and should not issue a questionnaire in regard to this grant but should "consider ourselves free to make any recommendations which we think fit". We accepted this suggestion. Apart from the bare summary in three pages in the Demands for Grants and a cable summary of the report of the Economy Committee mentioned above and of the conclusions of the Secretary of State and the action taken or contemplated by him on that report we had no information in regard to this grant. We have therefore had to base our proposals, not on our usual detailed scrutiny of each item but on broad *a priori* grounds.

(6) *Our proposals*:—We have shown above how expenditure on General Administration in England has grown. Considering that the work that was to be taken over by the High Commissioner was a strictly defined part of the work which used to be done till then by the India Office one should have expected as regards the combined expenditure of both offices nothing more than the normal growth of expenditure such as occurs in every Government department.

The Honourable Mr. (now Sir) Purshotamdas Thakurdas, a member of the Indian Retrenchment (Inchcape) Committee, 1922-23 stated the position as he visualised it in the following terms :—

“ These changes should be brought about forthwith, and then the India Office should cost nothing to the Indian Exchequer, on the principle laid down by the Committee, since the India Office would then be left with only political work, which has been approved as a fair charge on the British revenues.”

We entirely agree with the view taken by Sir Purshotamdas Thakurdas that with the complete divorce of agency from political work in England the India Office should no longer involve any financial burden on Indian revenues. We do not, however, consider that it would be possible to bring about such a change immediately. We therefore propose that action should be taken early to bring it about in as short a period as practicable. As an earnest of action in the direction indicated by us, the Secretary of State's budget should be reduced by 25 per cent. on all items except those on which no retrenchment is possible (e.g., the British National Health Insurance Scheme contributions).

(ii) In our opinion India's contribution of Rs. 9.03 lakhs towards the expenses of the League of Nations is unfair to India's relative position in the League and out of accord with her economic conditions. We consider that the Government of India should press strongly for a revision of the formula at present governing the contributions of members and that they should themselves devise a substitute formula so as to impose a substantially smaller burden on India than the present one. The necessity for action on these lines is all the more pressing in view of the contingent rise in the rupee cost to India consequent on the breakaway from gold. We recognise that it may not be possible for the Government of India to succeed immediately in bringing about the result we contemplate but we strongly feel that if suitable relief to India is not forthcoming within the next twelve months, India should seriously consider whether in her present financial stress she should not withdraw from the League.

(iii) There appears to be some possibility of reducing the expenditure under Miscellaneous Civil charges aggregating 7.96 lakhs. Although we are unable to estimate the probable savings in this part of the grant, such economies as may be effected may possibly suffice to meet the extra cost of India's contribution to the League of Nations' secretariat on account of the depreciation of the sterling and the rupee in terms of gold.

As regards the possibility of reducing other expenditure in England under the Secretary of State's control, e.g., the provisions for political, Frontier Watch and Ward, we shall deal with it in the report dealing with the Foreign and Political Department.

(iv) The audit establishments maintained by the India Office serve the High Commissioner's Office also. Audit charges have grown as shown below :—

	1913-14.	1918-19.	1919-20.	1920-21.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
	£	£	£	£	£	£	£	£	£	£
India Office	7,440	9,107	12,392	14,956	4,562	5,246	5,438	6,100	6,400	5,900
High Commissioner	...	...	...	...	7,500	7,500	7,500	7,500	8,000	7,700
Charged to Local Governments	...	...	...	...	3,525	3,437	3,437	3,400	3,500	3,400
Total	7,440	9,107	12,392	14,956	15,587	16,183	16,375	17,000	17,900	17,000

In spite of the decline of salaries owing to the operation of the sliding scale for the cost of living bonus the cost of audit has been rising even though very slowly. We think, the expenditure should be reduced by about ten per cent.

(7) *Summary.*—We estimate that our proposals will yield a saving of about 8 lakhs. (We have taken the gross provision for India Office establishments as one of the bases of our calculation.)

GRANT No. 87.—HIGH COMMISSIONER.

(8) *High Commissioner's proposals*.—The following table shows in detail the reduction of expenditure which the High Commissioner hopes to effect during the current year.

	Budget, 1931-32.		Proposed cut.	
	Voted.	Non-voted.	Voted.	Non-voted.
	£	£	£	£
A. High Commissioner's establishments (other than the Store Department and the Education Department)—				
1 Salaries—General	19,800	11,775	600	300
2. Salaries—Accounts Department .	21,225	13,875	1,200	600
3. Expenses in connection with new Office . . . . .	..	..	..	..
4. Mural paintings at "India House"	2,475	—	—	..
B. High Commissioner's office expenses—				
1. Postage and telegrams to India .	2,100	..	150	..
2. National Health and Unemploy- ment Insurance	—	900	..	..
3. Office contingencies, etc. . . .	15,975	1,125	525	..
C. Education Department—				
1. Salaries	6,000	—	300	..
2. Other expenses	3,975	..	300	..
D. Colonial Departmental charges for issue of leave pay, etc.				
	750	..	..	..
E. Store Department—				
1. Salaries	45,525	56,250	3,300	2,925
2. Wages of artificers, labourers, etc.	16,500	—	975	..
3. Professional inspection of stores .	55,350	—	2,700	..
3. Office contingencies, etc. . . .	27,075	3,600	3,075	..
F. Trade Department—				
1. Salaries	3,750	3,900	150	..
2. Other expenses	3,975	225	150	..
3. Trade Commissioner in Europe .	2,250	2,025	..	..
G. India Office Audit Establishment (por- tion relative to High Commissioner's work)				
	..	7,725	..	..

	Budget, 1931-32.		Proposed cut.	
	Voted.	Non-voted.	Voted.	Non-voted.
	£	£	£	£
H. Deduct recoveries—				
1. Surcharges on stores supplied to commercial departments of the Central Government	—19,575	..	..	..
2. Surcharges on stores supplied to Provincial Governments, Local Funds, Indian States, etc.	—18,075	..	..	..
3. Provincial Governments' share of the cost of the High Commissioner's establishment for issue of leave salaries, pensions, etc.	—21,600	..	..	..
4. Provincial Governments' share of the cost of the High Commissioner's Education Department	—14,325	..	..	..
I. Miscellaneous civil charges—				
1. Leave salary, etc., of Indian Establishments	49,650	210,300	..	..
2. Allowances and fees to Scholars and Probationers	6,150	..	..	..
3. { Expenditure in connection with appointments to the Indian Services	975	..	..	..
Recruitment of personnel for Indian State Air Service	3,225	..	..	..
4. Payments to Imperial Airways, Ltd., for Karachi—Delhi Air Service	25,950	..	..	..
5. Stationery and Printing—				
(a) Stationery, Printing and Bookbinding charges	6,000	..	..	..
(b) Leave Salaries, etc.	2,625	1,200	..	..
6. Grants-in-aid	975	..	..	..
7. Unforeseen charges	225	..	..	..
8. Other charges	2,625	..	..	..
Total, Grant No. 87	251,550	312,000	13,425	3,825
				= 17,250.

The saving amounts to only £17,250 out of a grant of £563,550. It is admitted that even these savings will be effected only "by postponing certain maintenance charges and omitting all but bare necessities". The High Commissioner points out that the scope for savings is, practically speaking, limited to items A to F of the table and that the operation of the sliding scale for the cost of living bonus serves as an automatic measure of retrenchment. He considers that no reduction of staff is possible. Even in the case of his Stores Department, where the volume of work has admittedly declined, he has only offered savings of £850 in all on *salaries* (in addition to the anticipated savings on account of the reduction of the bonus payable), and has offered the following explanation as to why no further reduction of staff can be made at present :—

"Although the volume of purchases has declined owing partly to reduced expenditure by indenting departments and partly to the extension of the rupee tender system, there is nevertheless a considerable amount of pre-contract work preliminary to local purchases

followed by post-contract work relating to the inspection of materials for which orders have been placed in India. This work is more complex than similar duties under contracts arranged here and involves more correspondence and general office work."

(9) *Our proposals*.—It will be convenient if we deal with the main branches of this office separately, *viz.*, (a) the High Commissioner's office proper, (b) Education Department, (c) Stores Department, and (d) Trade Department. Audit will be disposed of along with (a).

(a) High Commissioner's Office.

(i) It is difficult to get reliable figures of the cost of the office proper of the High Commissioner for the years up to 1928-29, since the head "salaries" in the Finance and Revenue Accounts includes salaries in the Stores and the Education departments. The following table gives such figures for the three years ending 1931-32 :—

	1929-30	1930-31.	1931-32.
Salaries—General	3.35	4.01	3.83
Salaries—Accounts	4.44	4.57	4.68
New office expenses*	27.38	4.30	..
Mural painting* . . . .	..	..	.33
P. and T. charges . . . .	.26	.28	.28
National Health Insurance . . . .	.10	.12	.12
Contingencies	1.58	2.08	2.28
Colonial Department . . . .	.09	.10	.10
Stationery, Printing and Bookbinding . . . .	.61	.75	.80
Total (omitting items marked*)	10.43	11.91	12.09

(ii) The office is organised in departments with sections each in charge of specific classes of work.

In the General Department one section deals with deputation, study leave, facilities to Government officials not on deputation or study leave and to non-officials, another with questions relating to passage, passports, destitute Indians, lascars, a third section with recruitment cases (about sixty a year). Records, library, book purchase and publication work are in charge of another section, and registration work is in charge of an independent section.

The Accounts Department has ten different sections, and it has been pointed out that whereas the India Office used to classify leave pay under only four heads of account, the High Commissioner has to do so under 384 heads while sterling overseas pay accounts for another 340 heads.

The recently created "Public Department" has charge, *inter alia*, of the High Commissioner's international work.

(iii) The High Commissioner hopes to be able to effect savings of £900 and £1,800 in the General and the Accounts departments respectively, mainly owing to the lower bonus payable under the operation of the sliding scale. He has

also offered certain minor savings, viz., £150 under postage and telegram charges, £600 under stationery and printing and £525 under contingencies. The last item involves the postponement of the cleaning of the exterior of the India House and of the supply of racks and shelves.

(iv) *Our proposals.*—In paragraph 4 we have given certain tables in support of our conclusion that the total expenditure of the High Commissioner's office and the staff controlled by him have both grown to an extent which demands serious retrenchment irrespective of the departmental view as to the irreducible minimum.

In the case of this grant also we are handicapped in making our retrenchment proposals since we did not have detailed information such as we had in the case of the other grants dealt with by us. We are therefore unable to give detailed reasons in support of our recommendations. We take our stand not so much on the ground that the staff is excessive for the work in hand as on the ground that the expenditure must be cut down in the interests of the tax-payer. We feel that the limit of the capacity of India to bear additional taxation has been reached and that she must no longer aspire to keep up her present standards and therefore her present scale of expenditure. We propose that the budget of the High Commissioner's office should be reduced by 20 per cent. as regards the items which are controllable. The total provision for such items excluding the provisions for the Stores department in the 1931-32 budget is 17.35 lakhs. A reduction of 20 per cent. on this amount would amount to 3.47 lakhs. Our proposal is essentially a "block" cut and is not based on a detailed scrutiny of each item but we may indicate a few specific directions along which, retrenchment can and may be effected :—

- (a) The Deputy High Commissioner's post, even if it only replaced a Secretary's post, may be abolished. In the High Commissioner's absence the seniormost officer in the office can "deputise" for the High Commissioner, but he should get no extra emoluments on this account. This will yield a saving of nearly Rs. 27,000 on pay alone.
- (b) The High Commissioner has a Private Secretary and a Personal Assistant. One of these posts might be abolished, saving about Rs. 5,000 to Rs. 6,500.
- (c) Certain officers may be retired and their posts may be left vacant or be filled by junior men at the bottom. We may give a few examples :—

Designation.	Age on 31st December 1931.	Pay. £
Secretary	53½	975
Chief Accounting Officer	57½	1,100
Assistant Chief Accounting Officer	56½	750

- (d) We observe that the Indian members of the High Commissioner's staff drawing a basic pay of £400 a year or less get an overseas allowance of £50 a year. It has been pointed out to us that Indianisation of the staff has therefore involved an increase in the cost on account of the emoluments of the subordinate staff. The original estimated annual cost of this allowance was only

£650; in fact, we observe that it is now costing £3,000. We recommend (Mr. Ramsay-Scott dissenting) that this privilege should be abrogated. Its value to the Indian staff is small and it may serve only to supply a misleading analogy in defence of overseas pay to non-Asiatic officers serving in India. The Indianisation which, we think, the country has at heart is in the superior and not in the merely clerical posts.

- (e) The "Public Department" may be absorbed into the General Department from which it was recently separated. It may be possible to appoint the present incumbent of the post of Secretary in the Public Department as Secretary, General Department, and to treat him as entitled to "deputise" for the High Commissioner during the latter's absence.
- (f) We also presume that the provision of Rs. 33,000 in the current grant for mural paintings in the India House will automatically cease.
- (g) The 1931-32 provisions for contingencies, stationery and printing and postage and telegram charges are £17,100, £6,000 and £2,100 respectively. We think it should be possible to effect savings in these items in the High Commissioner's budget just as we hold it feasible to do so in the case of departments and offices in India. Even a twenty-five per cent. cut in these will still leave the provision at about the 1929-30 level, while yielding a saving of Rs. 84,000.
- (h) Some saving is possible under "audit", the figures for which are not included in the figures on which we have proposed a cut of 20 per cent. On our proposal in paragraph 6 (v) the savings should amount to over 10 lakh.
- (i) A few more specific details can be given, but we consider it unnecessary to do so. Having regard to the financial position of India we propose that the High Commissioner should be called upon to reduce his expenditure so as to realise a total saving of 3.47 lakhs on the controllable expenditure other than that on the Stores Department. The specific suggestions made by us above give a saving of nearly 2.20 lakhs. In addition, we have suggested specific savings of .60 on the Trade Department and .45 on the Education Department. He has thus only about $\frac{1}{4}$ lakh more to save. Our proposal in (v) above offers a promising field for economy. We thus think, a total saving of 3.47 lakhs should not be difficult in a budget of 17.35 lakhs.

(b) Education Department.

(i) The staff consists of a Secretary (£700—900), five other officers and five clerks. Two officers' posts were created since 1929. A hostel is maintained at Cromwell Road, London, for the benefit of Indian students. The loss on its working was £401, £177 and £287, in 1927-28, 1928-29 and 1929-30, respectively.

(ii) The sterling expenditure of this Department has been :—

1913-14.	1918-19.	1919-20.	1920-21.	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
2,511	5,326	4,743	5,195	4,934	4,478	4,545	3,269	3,144	4,092	3,714	3,227	8,900	10,400	10,000

The figures up to 1928-29 do not include the cost of salaries, which amounted in 1929-30 to £5,900.

(iii) In response to the Finance Department's call for a ten per cent. (temporary) cut the High Commissioner offered to reduce his provision under this department by £600 including £300 on the repair and maintenance of the Cromwell Road Hostel.

(iv) We consider that the staff and expenditure of this Department are growing at a pace not justified by its real utility or even the growth of its work. Among Indian students its popularity is by no means universal and some of us are personally aware of the fact that it is not unusual for Indian students, especially those who have friends or other connections to help them in securing admissions, to avoid seeking its assistance. In our opinion a substantial curtailment of its activities will not injure the interests of the Indian student community, and we propose that its expenditure should be reduced by one-third, saving nearly Rs. 45,000.

For purposes of calculation we have lumped it with the expenditure, other than that of the Stores Department, which we have disposed of above.

(c) Stores Department.

(i) The administrative control over this branch of the High Commissioner's office is exercised by the Department of Industries and Labour as the department in control of the Indian Stores Department in India.

(ii) The following tables show the variations of the staff of, and the expenditure (in sterling) on, this department :—

TABLE A.—TOTAL COST.

	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.
	£	£	£	£	£	£	£
(i) Proportionate cost of India House and Grosvenor Gardens charged to Stores.	17,746	18,787	18,438	20,750	31,321	16,617	20,660
(ii) Stores Department		142,683	139,588	143,555	148,751	152,100	155,356
(iii) Professional Inspection	21,964	44,664	54,084	58,546	54,321	65,395	62,399
(iv) Stationery, printing etc. . . .	2,345	2,679	2,163	2,815	2,323	1,913	2,867
(v) Other "Miscellaneous"	4,065	3,642	1,958	1,663	1,357	1,308	1,316
		212,460	216,231	227,359	228,508	239,533	242,918
Deduct recoveries on account of packing charges . . . . .	...	12,853	17,904	11,610	...	...	...
Net total cost . . . . .	...	200,107	198,327	215,749	225,503	239,533	242,918

TABLE B.—COST OF STORES DEPARTMENT PROPER.

	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.
(i) Cost of Staff	69,992	68,031	1,00,479	1,05,159	1,10,358	1,12,399
(ii) Wages of labourers	21,546	21,115	21,545	19,707	19,103	18,380
(iii) Upkeep-Contingencies . . .	15,950	15,252	16,261	19,158	18,002	19,680
(iv) Interest on assumed capital cost of premises.	5,200	5,200	5,200	4,727	4,727	4,727
Total	1,12,688	1,09,598	1,42,585	1,48,751	1,52,190	1,54,586

TABLE C.—COST EXCLUDING SALARIES.

Excluding salaries the cost of the Stores Department was (in thousands of pounds sterling) as below :—

1913-14. 1916-20, 1921-22. 1922-23. 1923-24. 1924-25. 1925-26. 1926-27. 1927-28. 1928-29. 1929-30. 1930-31. 1931-32.

27 49 58 42 64 53 82 59 95 92 216* 215* 204*

*These figures include salaries which, as shown by the preceding table account for a little under half the total expenditure.

TABLE D.—NUMBER OF STAFF.

—			1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.
Staff	{ Permanent	. . .	147	147	154	157	155	156
	{ Unestablished	. . .	70	66	83	82	82	81
	{ Temporary	. . .	20	17	19	17	18	21
Labourers	{ Permanent	. . .	87	87	87	88	86	84
	{ Unestablished	. . .	54	52	49	46	33	38
	{ Temporary	. . .	2½	2	2	1	10	1

(iii) Originally the High Commissioner stated that he was not able to decide what the size of this department should be in view of (i) the introduction of the rupee tender system from 1st January 1931 and (ii) the fact that the restricted purchase of stores by India in recent years was an abnormal phenomenon. He has, however, since appointed a small committee to examine the scope for economy.

(iv) *Our proposals.*—(i) The figures quoted by us clearly show that this department has been allowed to grow at an abnormal pace. The setting up of the Indian Stores Department from 1st January 1922 was for a while reflected in the cost of the department. But, since 1924-25 the growth has been rapid and sustained. We can see little justification for it. The Indian Stores Department must have materially relieved the London Department of work that it had to perform before 1922. The rupee tender system must help to relieve it still further. The cost of the department should therefore go on declining; in fact it has been growing apace.

Were it a mere question of ordinary retrenchment, we would perhaps not be prepared to recommend a substantial curtailment of its activities all of a sudden. But, in our opinion the existence of this Department seriously detracts from the utility of the Indian Stores Department. Instead of being an agent of the latter for the purchase and inspection of European stores, it tends, by its very existence, to act as a rival to it. Certain departments, especially the Railways and the Army, which might otherwise learn to rely on the Indian Stores Department, tend to purchase non-Indian stores through the London Stores Department. We therefore recommend that its staff and activities should be substantially curtailed in the interests of Indian industries. We have had the benefit of the oral examination of, and a detailed note by, the present Chief Controller of the Indian Stores Department, who has some experience of the working of the London Stores Department and we accept his view that

even for the purposes of the 1932-33 budget the following economies in or on account of this department are possible :—

Head.	Sub-head.	Estimated savings in 1931-32.*	Estimated savings in budget estimates, 1932-33.
		Rs.	Rs.
<i>High Commissioner's Establishment.</i>			
A.	A. 2. Salaries—Accounts Department .	..	16,000
<i>Stores Department.</i>			
E.	E. 1. Salaries	83,000	3,43,800
	E. 2. Wages of Artificers, Labourers .	13,000	55,000
	E. 3. Professional Inspection of Stores—		
	Fees . . . . .	..	6,213
	Actual Expenses	36,000	2,00,000
	E. 4. Office Contingencies	41,000	1,00,000
	Total	1,73,000	7,21,013

*This saving may not be possible now, though we think it was so when the note was written.

Meanwhile the Department should be thoroughly overhauled and reorganised. Its cadre should be reduced to the bare minimum necessary for the services likely to be demanded of it under the revised system of purchase of India's requirements. Its functions should, broadly speaking, be confined to :—

- (1) Inspection during manufacture and before shipment of such stores ordered by purchasing authorities in India as require inspection before arrival in India.
- (2) Arrangements for the supply of "Military Stores" until such time as the rules regarding this class of stores have been modified.
- (3) Arrangements for the supply of any stores of a special or unusual character which cannot be economically obtained under the rupee system of purchase.
- (4) Assistance to the Education Department of the High Commissioner's office in obtaining facilities for practical training for Indian students.
- (5) Assistance to purchasing departments in India in the matter of market intelligence, capacity and standing of manufacturing firms in Europe, etc.
- (6) Assistance to purchasing departments in India in connection with the distribution of their invitations to tender, examination of tenders, etc.

We think that when it is reorganised on these lines, the Stores Department should not cost more than about 15 lakhs (=£112,500) a year. Even this figure will be a liberal provision when the actuals of the years upto 1924-25 (making allowances for the addition for salaries) are kept in mind.

Meanwhile we consider that the present expensive system whereby stores purchased are sent to the depot at Lambeth and are unpacked, examined and repacked there needs an overhaul in the light of the facilities for testing etc. now available in India. The disposal of the wharf and the depot should also be considered in that connection.

(v) *Summary of savings*.—About 7½ lakhs in 1932-33 and about 12½ lakhs when the reorganisation is completed. We shall take the former figure into our calculation of the immediate reduction of expenditure in the High Commissioner's Office.

(d) Trade Department.

(i) This department was set up during the war and though its expenditure appeared in the Secretary of State's grant, it had a separate office. It is now a branch of the High Commissioner's office in charge of the Indian Trade Commissioner and its work consists of (i) commercial "intelligence", (ii) work on Committees, and (iii) publicity. An exhibition hall and a commercial samples room are maintained. It also controls the work of the Indian Trade Commissioner at Hamburg and will control the work of the other Trade Commissioners when these offices are established. In this connection our remarks in Chapter IX, paragraph 6 (vii), may be seen.

(ii) The following are some of the important details regarding the organisation of this department. The superior administrative officers are a Trade Commissioner and a Deputy Trade Commissioner. The other officers are a Timber Adviser (largely for the sale of timbers from the Andamans) a Mineral Adviser (part-time), a Publicity Officer, an Executive Officer and a Curator. A retired officer of the Indian Forest Service is on special duty connected with the shellac enquiry and besides his pension, gets £500. This cadre of officers costs a little under £6,000. The clerical staff costs a little over £1,400 and the provision for participation in fairs and exhibitions, including the British Industries and the Milan fairs, is £2,600. Travelling allowances and publicity work cost nearly £1,000. Total about £11,000.

The Hamburg Office costs £4,300 including £1,750 for the Trade Commissioner's pay and allowances and £850 for the pay of the staff.

(iii) The expenditure on the Trade Department has grown as below :—

1913-14.	1919-20.	1920-21.	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
£	£	£	£	£	£	£	£	£	£	£	£	£	£
4,554	6,481	5,329	9,155	9,693	4,117	2,425	2,475	4,190	6,114	9,676	9,903	12,200	15,200

It will be seen that the expenditure was materially reduced in 1923-24 and 1924-25 but has since been growing apace, and now stands at a figure over 50 per cent. higher than in any previous year up to 1929-30.

(iv) In response to the call for a ten per cent. (temporary) cut the High Commissioner offered to reduce his allotment by £300, viz., £150 under pay and £150 under other expenses.

The following items have been suggested as offering a possible field for economy :—

(i) Posts of Deputy Trade Commissioner and of the Publicity Officer.

(ii) Some clerical posts,

(iii) expenditure on fairs and exhibitions.

(v) Our proposals :—

- (a) We have considered the question whether the Deputy Trade Commissioner's post need be maintained. We observe that an Indian member of the Indian Civil Service is holding it. If, as we presume, selection for the post of the Indian Trade Commissioner is to be made from the cadre of Indian Trade Commissioners, the post of the Deputy Trade Commissioner, London, might be abolished for the present. It might in that case be possible to send the present incumbent to Milan if he possessed the necessary qualifications, and there would be a saving of about £1,200. But, if our presumption is not correct, the abolition of the post would affect adversely the prospect of an Indian succeeding the present incumbent in the Trade Commissioner's post, and we would not recommend the abolition. For the present we presume that the saving can be effected without taking the risk mentioned above. We shall not, however, assume that this officer will go to Milan, when that office is opened.
- (b) We have reason to believe that at present the Timber Adviser is not in a position to do very much to advance the interests of the Indian, especially Andamans, timbers. The sanction for this post expires at the end of the current financial year. We recommend that the appointment should not be renewed when its present term expires. The saving will be £800.
- (c) The Mineral Adviser, a retired officer of the Geological Survey of India, gets £2 a day when in attendance. Considering the trade depression in minerals we think a saving of about half the provision of £425 should not be difficult. We are disposed to think that it might be feasible to engage the officer on the basis of a yearly honorarium so as to effect a permanent saving of about £200.
- (d) We further think that the shellac enquiry should be held in abeyance for the present. The non-renewal of the provision for the special officer's pay will yield a saving of £500.
- (e) Since there is an Assistant Publicity Officer, we think that the Publicity Officer's post might be reduced, provided that the Assistant is fit for, and could be given, duties other than merely clerical. This will yield a saving of nearly £600.
- (f) Our specific proposals would yield savings of nearly £3,300. Adding savings on the pay of the clerical staff, a proportion of which would automatically have to be reduced and on the provision of £2,600 for fairs and exhibitions we estimate that a total saving of about £4,500 on the London Office is feasible. We think, the Hamburg office must continue to be maintained, but even there a saving of about £500 out of the provisions of £850 for the non-superior staff, £300 for T.A., £450 for contingencies and £650 for publicity (mainly the Leipzig fair) is not impracticable.
- (g) *Summary of savings.*—The Trade Department budget should be reduced by £5,000. Considering that the 1931-32 provision for the Hamburg office is £4,300 and that the pay of the officer selected for the trade commissionership at Milan will be less than the

pay of the Trade Commissioner at Hamburg and that Milan is a cheaper place than Hamburg, we consider that the extra expenditure on account of the opening of the Milan office will be about 40 lakh. This will have to be set off against the savings proposed by us when the Milan Office is opened.

(10) *Summary of total savings.*—

8.00 lakhs in grant No. 86—Secretary of State. •

10.78 lakhs in grant No. 87—High Commissioner.

18.78 Total.

When the Stores Department, London, is re-organised on the lines indicated by us, there will be an additional saving of 5 lakhs.

CHAPTER XX.

ECCLESIASTICAL (32·43 Lakhs).

(1) *Explanation of the grant.*—The expenditure on “Ecclesiastical” amounts to Rs. 32·46 lakhs and the whole of it is non-voted and is charged to civil estimates. Besides, an expenditure of about ·25 is incurred under “works” in provinces and areas other than the U. P. and the Punjab. The cost of ecclesiastical pensions and superannuation allowances cannot be ascertained easily, but it is additional expenditure on account of “ecclesiastical.”

The denominations for whose benefit it is incurred are the Church of England in India (now called the Indian Church), the Church of Scotland and the Church of Rome.

The budget may be set out as follows :—

(a) For the whole of India except the Minor Administrations, etc. :—

(i) Church of England ecclesiastical establishments	17·89
(ii) Church of Scotland ecclesiastical establishments	1·38
(iii) Church of Rome ecclesiastical establishments	·36
(iv) Cemetery establishments	1·12
(v) Miscellaneous ecclesiastical charges	·26
(vi) Works (<i>i.e.</i> , works in the U. P. and the Punjab)	·70
(vii) Leave and deputation salaries in Great Britain	4·00
(viii) Other expenditure in Great Britain	4·46
	<hr/>
	30·17

(b) For the Minor Administrations, agencies, etc. :—

(i) N. W. F. Province :—	·86
(i) Church of England (Rs. 78,700), Church of Scotland (Rs. 1,400) and Church of Rome (Rs. 1,000).	
(ii) Cemetery establishments (Rs. 4,900).	
(ii) Baluchistan :—	·33
(i) Church of England (27,600), Church of Scotland (1,000) = 28,600.	
(ii) Cemetery establishment (3,800) and other charges (600) = 4,400.	
(iii) Delhi :—	·22
Officers (16,000), Establishments (300), Grants-in-aid (400), Other charges (6,900); <i>minus</i> Recoveries (1,200) = Net 22,400.	
(iv) Ajmer-Merwara :—	·16
Officers (11,000), Establishment (1,000), Other charges (3,000) and Cemetery establishments (1,000).	
(v) Rajputana :—	·02
Pay of establishment (400), Other charges (2,000). Total 2,400.	
(vi) Central India :—	·20
Church of England (Rs. 26,500), Other churches (400), Cemetery (1,800). Total 28,700.	
(vii) Hyderabad :—	·38
Church of England (29,400), Church of Scotland (5,200) and Cemetery (2,900).	
(viii) Western India States Agency, Rajkot :—	
Church of England, (Rs. 1,028), Cemetery (Rs. 1,972)	·03
	<hr/>
	32·46

(2) *Reasons for the expenditure.*—The obligation to provide religious services for British troops is imposed by the King's Regulations (paragraphs 10 and 1526-35) for the army. This and the practice—dating from the time the East India Company—of providing, within reasonable limits, religious ministrations for the European, mainly British born, servants of the Crown in India are alleged to be the main reasons for the expenditure on ecclesiastical. In fact, we understand that a portion of the expenditure is incurred for the sake of the British troops in India. In this connection we invite attention to the remarks in paragraph 15 of Chapter I of this part of our Report and to the Appendix to this Chapter in which we have reproduced (i) an extract from the evidence which Mr. Woodhead (Commerce Secretary) gave before the Public Accounts Committee on 3rd July 1930 and (ii) the memorandum furnished by the Commerce Department to that Committee with reference to paragraph 91 of its proceedings on the accounts of 1928-29.

(3) *Growth of expenditure.*—In 1913-14 the actual expenditure was 19·15 lakhs and it rose to 31·29 lakhs in 1924-25 and 31·76 lakhs in 1925-26. The increase was almost entirely due to the revision of pay and allowances and the inclusion of leave allowances not previously shown under this heading; there was no increase in the number of chaplains employed. In paragraph 5 we have given a resumé of the action taken since 1922 to reduce the expenditure. In fact, however, the 1931-32 provision is 1·14 lakhs in excess of the actual expenditure of 1924-25.

(4) *Inchcape Committee's proposals.*—The Inchcape Committee dealt with this expenditure somewhat briefly. It noted that five chaplaincies had been abolished and proposed that sixteen more which were expected to fall vacant should remain unfilled. It estimated that by such action and by effecting minor economies the expenditure (budget estimate for 1922-23 being 33·83 lakhs) would be reduced by two lakhs. One member of that Committee—the Honourable Mr. (now Sir) Purshotamdas Thakurdas—in his supplementary note traced the history of the question and proposed that the number of chaplaincies should be reduced from 166 to 100 in place of the 145 proposed by the Inchcape Committee. His proposal was based on his view that they should be confined to purely military stations and he estimated that his proposal would yield a saving of a little over 11 lakhs. He also thought that except on the frontiers or outside India it was unnecessary to incur any expenditure on the maintenance of Indian religious teachers for Indian Units of the army.

(5) *Recent measures for reduction of expenditure.*—The Commerce Department has explained that since 1922 the number of appointments has been reduced from 166 to 138 by the substitution of a system of grants-in-aid.

Under this system grants amounting to Rs. 1,53,600 are paid, *viz.*, at Rs. 500 per mensem for twenty-two and at Rs. 300 per mensem for six of the twenty-eight appointments by which the number has been reduced. The grants cover (i) all charges on account of the pay, travelling and other allowances, passages and pension or provident fund of the clergymen who are appointed to perform the duties of the official chaplains and (ii) postage and other contingencies. The department has added that (i) this system has resulted in a saving of 4·30 lakhs, and (ii) that under another agreement made with the Metropolitan in 1926 a composition grant of two lakhs is payable to him for the entertainment of clergymen of the "Additional Clergy Society" and other societies at stations where official chaplains are to be posted but are not temporarily available or where, owing to the number and nature of the Church of England congregation, Government have agreed to assist towards the provision of a clergyman's services. Both the agreements are due to expire on 1st April 1932.

The Department has also explained that at the time of the dissolution of the Church of England and the Church of England in India (now called the Indian Church) an agreement was arrived at with the Indian Church, which is expected, eventually, to result in a saving of .74 lakh.

(6) *Savings offered*.—So far as the Church of England establishments are concerned, the proposals of the Commerce Department are :—

	Lakhs.
(a) Reduction of 10 posts of Chaplains, saving	1.51
(b) Adjustment of the grants-in-aid, net . . . .	.12
(c) Net saving in the composition grant . . . .	.26
Total	<u>1.89</u>

Of this amount the Department expects to realise about half in 1932-33 and the remainder in the next year or two.

(7) *Our proposals*.—The Sub-Committee is unanimously of the view that the maintenance of the ecclesiastical establishments by the Government of India is inconsistent with the accepted and avowed policy of religious neutrality and non-discrimination in favour of any creed. In this connection attention is invited to paragraph 15 of Chapter I.

(8) On this Sub-Committee's proposals, the savings under "Ecclesiastical" will be 31.11 lakhs and something under works in the provinces and areas other than the United Provinces and the Punjab. A precise estimate of the savings under the head 'Civil Works' cannot be given.

APPENDIX.

EXTRACT FROM THE PROCEEDINGS OF THE PUBLIC ACCOUNTS COMMITTEE,
DATED 3RD JULY 1930.

Mr. Woodhead.—Ecclesiastical expenditure in connection with the Army is spread over several budget heads. Speaking generally, the position is as follows. Church of England expenditure in connection with the Army is debited entirely to the Civil Estimates under 28—Ecclesiastical, 41—Civil Works and Superannuation Allowances and Pensions. The pay of Chaplains of the Church of Scotland on duty with Scottish regiments is debited to the Army Estimates. So also is their leave pay provided the leave is sanctioned by the military authorities. Expenditure on Civil Works in connection with Scottish Churches, whether Military or Civil, is debited to 41—Civil Works and pension charges are shown under “Superannuation Allowances and Pensions” in the Civil Estimates. As regards the Church of Rome allowances to chaplains are already debited to the Army Estimates, but expenditure on the fabric of churches is debited to Civil Estimates under 41—Civil Works. Cemeteries are usually used jointly for military and civil burials and expenditure is charged to the Civil Estimates, expenditure on Establishment to 28—Ecclesiastical and that on Civil Works to 41—Civil Works. My own provisional view—this is my personal view as the matter has not been examined by other Departments—is that it would be practically impossible to apportion the expenditure, item by item, between “Military” and “Civil”. Military chaplains minister to the civilian population (European British-born Government servants) as well as to troops and also, though not perhaps to the same extent, the civilian chaplains minister to troops. The cemeteries, as I said, are usually joint and the churches are in many cases used both by army and civil personnel. It would be practically impossible unless there was an army chaplains’ service with separate garrison churches to apportion accurately the expenditure between the army and the civil.

Maulvi Abdul Matin Chaudhury.—Is it consistent with the policy of religious neutrality of Government?

Mr. Woodhead.—That is a question of principle and I would not like to express an opinion on it.

Mr. Woodhead.—My own view is that an accurate separation is impossible but the matter has not as yet been examined by the Army and Finance Departments. I have carefully examined the whole expenditure with regard to the present classification and my own provisional conclusion is that so long as the present system of administration continues it would be impossible to make an absolutely clean cut between the military and the civil expenditure.

Mr. Woodhead.—The total of the 28—Ecclesiastical budget is somewhere about Rs. 33 lakhs. It might be possible to make an approximate apportionment of the expenditure on the pay of chaplains because the number of military chaplains is definitely fixed. It might be possible to make some adjustment of this kind.

Chairman.—The position really is that an accurate allocation is impossible. The question for our consideration is whether it is desirable that there should be an approximate allocation.

Mr. Dass.—Would you like part of the estimates charged to the civil head being charged to Army head?

Chairman.—My provisional view is that these long established practices might well be allowed to remain. I do not see any particular reason for altering the practice in this case for every one knows what the position is. It is difficult to make an accurate allocation. No practical result would be achieved.

From the point of view of the Assembly control there would be no advantage gained. I think we might take note of the position and record the view that apparently an accurate allocation is impossible but that an approximate allocation would be possible and that we desire that a further report should be submitted next year on the subject. I think this is about all that we can say at present.

MEMORANDUM REGARDING ALLOCATION OF ECCLESIASTICAL EXPENDITURE
BETWEEN THE CIVIL AND THE ARMY DEPARTMENTS, FURNISHED BY THE
COMMERCE DEPARTMENT WITH REFERENCE TO PARAGRAPH 91 OF THE
PROCEEDINGS OF THE PUBLIC ACCOUNTS COMMITTEE ON THE ACCOUNTS
OF 1928-29.

The Public Accounts Committee at their meeting on 3rd July 1930 accepted the view expressed by the Commerce Department that an accurate allocation of the ecclesiastical expenditure between the Army and the Civil estimates is not possible. But they thought that an approximate allocation would be possible and asked that a further report might be made to them on the subject. The question has now been carefully considered by the Commerce Department in consultation with the Army and the Finance Departments and the conclusion arrived at is that even an approximate allocation would be a matter of considerable difficulty. The civil and military aspects of the subject are in most areas so intermixed that an apportionment of the expenditure could only be made in the most arbitrary way. Even to make an arbitrary allocation of this kind, it would be necessary to investigate in considerable detail the circumstances which exist in each of the large number of stations where ecclesiastical ministrations, churches and cemeteries are provided for populations which are partly military and partly civil. An examination of this nature would naturally take a considerable time. It should moreover be remembered that by the time the examination is completed it may probably be of little or no practical value for the following reason. The impending constitutional changes may necessitate a complete review of the administration of this subject particularly in its relation to Army matters and a careful consideration of the exact position which it should occupy in the new system. It is impossible to say at the present moment what the results of such a review will be, but it may lead to such a change in the administration of the subject as will render entirely nugatory the approximate and arbitrary apportionment of expenditure based on the existing system. For these reasons it is urged that at the present juncture it is not worth while to embark on the difficult task of apportionment between the civil and military budgets of the present scale of ecclesiastical expenditure.

CHAPTER XXI.

CERTAIN MATTERS RELATING TO PART I OF OUR INTERIM REPORT.

(1) *Explanation.*—In this Chapter we propose to deal with various matters relating to, or arising out of, Part I of our Interim Report. In this connection we invite attention to our remarks in paragraph 4 (v) of Chapter IV, paragraph (v) of Chapter X and paragraph 5 (iii) of Chapter XI of Part I. We requested the departments concerned to work out schemes relating to the Forest, Survey of India and Meteorology grants and send them to us for our consideration in connection with our final report. Although this part of our Report is not final, we propose to dispose of the schemes provisionally worked out by the departments concerned. Further, we wish to offer an explanation in regard to our estimates of savings from our proposals relating to certain grants. Our colleague Mr. J. Ramsay-Scott also wishes to add a note in regard to our proposals relating to Grant No. 50—Geological Survey and Grant No. 63—Aviation. (*Vide* Chapters XII and XXII of Part I of our Report.)

A.—FOREST.

(2) *Schemes under consideration.*—As regards the retrenchment proposed by us in grant No. 21—Forest, it appears that Government have had four possible schemes under their consideration. The following table shows in a summary form the main features and the cost (in lakhs) of each scheme :—

	1931-32 provision.	Schemes.			
		I.	II.	III.	IV.
Direction . . . . .	.64 1.00	.75	1.30	1.30	1.30
Silviculture . . . . .	.80	.60	.60	.67	.80
Botanical . . . . .	.93	.50	.50	.63	.65
Economic	5.05	1.60	1.75	2.20	3.20
Entomological	1.00	.55	.70	.70	.90
Chemical . . . . .	.43	..	..	..	.35
Total	9.85	4.00	4.85	5.50	7.20
Colleges	1.45	.80	.80	.80	.80
GRAND TOTAL	11.30	4.80	5.65	6.30	8.00

Mr. Nixon who supplied the above-quoted figures to us was asked by the Department of E., H. and L. to explain the position to us. The Department's scheme No. I provides nothing for a Head of the Institute. In the memorandum* on the action taken or proposed by Government on the first part of our Interim Report it is stated that "the conclusion, however, so far arrived at by Government is that within the limits of this sum (*i.e.*, 4 lakhs), it would not be possible to maintain an efficient or economical organisation and that such a reduction would, in fact, mean the destruction of the present

* This was supplied to the Legislature in connection with the November 1931 Session.

organisation". The department's view about schemes Nos. II and III was that neither of them was suitable and that both stood condemned by the Inspector-General and also by the department. The Inspector-General of Forests worked out a scheme costing 8 lakhs a year and added that any scheme costing less than that amount would necessarily involve a definite abandonment of some work and the reversion of some I. F. S. officers to their provinces. With reference to this scheme the memorandum mentioned above observes that Government "are therefore at present forced to consider the Inspector-General of Forests' scheme, under which the total expenditure on the Institute, the restricted functions of the Inspector-General (who is also head of the Institute) and the Rangers' College (including provision for completing the training of the two students of the Officers' College) could and should be restricted to Rs. 8 lakhs, a reduction of Rs. 3.3 lakhs or nearly 30 per cent. of the current year's grant".

(3) *Sir Chunilal V. Mehta's evidence*.—We took opportunity of the unexpected visit of Sir Chunilal V. Mehta, K.C.S.I., to Delhi to examine him and take his advice on this question, especially as he was Chairman of the Forestry Committee which enquired into the affairs of the Research Institute in 1929.

(4) *Our proposals*.—Having considered the entire position in the light of the facts before us, we have come to the following conclusions :—

(I) Since scientific research at the Institute has got ahead of the practical application of research, those sections which are entirely or largely devoted to research as such should be slowed down and those which are charged with the application, particularly the commercial application, of the results of research should be developed. The following are specific instances :—

(i) Work in the Timber Testing Section should now be slowed down. The present Timber Testing Expert is expensive and his post should be retrenched. (*Vide* sub-paragraph v below.)

(ii) As regards silvicultural work, the proper function of the Dehra Dun Institute is examination, collation and co-ordination of the work done in the provinces. Hence, if the provinces are not carrying on silvicultural work as intensely as the Central Research Institute has been doing, this activity should be slowed down.

(iii) The Minor Forest Products Section should be maintained. If considerations of economy require it, it might be placed in charge of the Chemist. It can be made quite useful to the country, particularly from the point of the small firms, which cannot afford to employ special staff for their enquiries.

(iv) The Chemical section, where valuable work is being done, should be continued.

(v) Seasoning and timber testing should be placed in charge of one officer. As an alternative, timber testing might be placed in charge of the Wood Technologist, who, it is understood, received special training in this class of work in America in 1929. Such an arrangement would be conducive to economy and work efficiently. The I. G. Forests' scheme proposes to retain the present Timber Testing Expert whose pay is Rs. 2,000 per mensem. This post is not now necessary and should be abolished ; in fact, work in this section should now be slowed down. In this connection sub-paragraph (i) above may be seen.

(vi) Since the feasibility of converting bamboo into paper pulp has been established, work which can usefully be done by a research institute can be claimed to have been finished. Hence, it is not worth while running the experimental paper making plant at the Institute any more for the sake of bamboo pulp. The officer might be put on the conversion of various grasses into paper pulp, since such work has not been sufficiently developed.

(vii) What is generally known as the cabinet making section can and should be subjected to retrenchment more than the other sections. As contemplated in the Inspector-General's scheme one gazetted post in this section should be abolished.

(II) We adhere to the opinion already expressed by us that the post of Inspector General of Forests in the strict sense (*i.e.*, an officer to carry out inspections and advise the Government of India on forest problems) is not necessary. In the interests of economy it should be abolished. We note that the I. G. is also President of the Institute and we agree that it will be necessary to retain an officer to take charge of the Institute as a whole, *i.e.*, the research sections as well as the Colleges. We do not contemplate that this officer would never be called upon to advise the Government of India on specific technical problems relating to forests. But our point is that he need not function as an inspecting officer, or have anything to do directly with the provinces. The theory underlying the departmental view embodied in the remark "Forest conservation and forest management are an all-India interest" is not in accordance with the present constitution under which Forests are a provincial—in some provinces, a provincial transferred—subject. The case for the retention of the I. G.'s post as made out in the memorandum on the action taken or proposed by Government on our Interim Report strikes us as not being cogent.

Incidentally, we would mention that the President or the Director of the Institute, whatever be the designation that is finally adopted, need not be paid on the present scale for the Inspector General.

(III) In modification of the opinion expressed in the first part of our Interim Report we recommend that the I. F. S. College, which has only recently been established, should continue to be maintained. But, it should be possible to manage it more economically than in the past. The duties of Principal should be discharged by the head of the Institute whether he be designated President or Director.

(IV) For the Indian Sandhurst, the Chandbagh buildings would still be available.

(5) *Cost of scheme.*—We consider that it is feasible, by various adjustments, to reduce the expenditure on the Research Institute and the Colleges to about six lakhs without seriously curtailing their activities or the scope of their utility.

We indicate below how we would apportion this amount among the various sections :—

Direction	75
Silviculture	60
Botany	50
Economy	2.20
Entomology	55
Chemistry	35
<hr/>	
Total for the Forest Research Institute	4.95
Colleges	1.05
<hr/>	
GRAND TOTAL	6.00 lakhs.
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B.—SURVEY OF INDIA.

The scheme that we have received is not sufficiently detailed to justify modifying the conclusions already reached by us in Part I of our Interim Report. We presume that we shall receive a proper scheme in due course and we shall add our comments in Part III of our Report.

We may also note that item (f) on page 25 of Part I of our Report should read "Observatories at Dehra Dun costing Rs. 34,000."

C.—METEOROLOGY.

We have examined the Industries and Labour Department's proposals submitted to us, at our request, in regard to the restricted grant for the Meteorological Department and are satisfied with the proposals of the department.

D.—GEOLOGICAL SURVEY, MINES, THE INDIAN SCHOOL OF MINES,
DHANBAD, ETC.

As regards our estimates of savings from the proposals (in Part I of our Interim Report) relating to the Geological Survey, Mines, the Dhanbad School of Mines and possibly some other grants, we wish to make it clear that our proposals were based on certain assumptions, for example, revised scales of pay, of which we decided at a later stage to defer consideration. Those estimates were therefore to some extent in excess of the savings which in fact will accrue from our specific proposals. To the extent that a revision of our estimates is necessitated by the fact that the assumptions at first made by us are not applicable, we have no objection to our estimates being reduced.

ABDUR RAHIM.

RAM SARAN DAS.

S. C. MITRA.

M. SHAH NAWAZ.

HAR BILAS SARDA.

J. RAMSAY-SCOTT.

H. M. WILAYATULLAH.

J. C. NIXON.*

New Delhi;

21st December 1931.

S. P. SHAH,

Secretary.

* I sign this Report as a token of its representing the views of the majority of the Sub-Committee. There are many propositions in it to which I cannot personally subscribe.

21st December 1931.

J. C. NIXON.

MR. J. RAMSAY-SCOTT'S NOTE (REF. PARA. 1 OF CHAPTER XXI.)

(i) *Mining Industry.*

Since the issue of Part I of the General Purposes Sub-Committee's Report, I have made further investigations into the question of royalties and I am now of the opinion that there is every reason to recommend that they should be reduced rather than enhanced.

(a) *Petroleum.*

Of the 30 Oil Companies started in India and Burma about 25 are now defunct and only 4 or 5 are paying dividends. The speculative nature of such venture is proved by the many crores which have been lost and the large sums which have to be spent annually in prospecting for new fields. The royalty is only 8 annas or 5 per cent., whichever is greater, per barrel, but I am informed on very good authority that each barrel produced pays no less than Rs. 11-12-1 to the revenues of the State. That royalties are high in India is proved by the figures paid in other countries which are as follows :—

Country.	Royalty per ton.		
	Rs. a. p.		
India and Burma	3	0	0
Canada			<i>Nil</i>
Australia			<i>Nil</i>
New Zealand			<i>Nil</i>
Trinidad	1	5	8
America			<i>Nil</i>
Mexico	15	annas to 1-10-0.	
Dutch East Indies	1	5	8
Dutch Borneo	0	9	0
Hungary			<i>Nil</i>
Roumania	1	10	0
Venezuela	1	2	0

Roumania faced with a problem like our own decided after mature examination that it was too dangerous to increase this tax.

(b) *Base metal industry.*

Fe mines today are working at a profit and in many cases the return which Government receives in royalties, etc., is considerably more than the return which the shareholder receives on his money and in most cases of loss, the greatest part of such loss is due to having to pay these royalties, etc., to Government, which are a first charge.

(ii) *Air Mail.*

I find that our recommendations will entail on Burma a great hardship and if Burma were allowed to use the existing air lines, it would mean a saving of 9 days in between London and Rangoon.

I feel that in our view sufficient attention was not paid to the needs of Burma nor to the possibility of an Indian air line wishing to operate beyond the boundaries of India and Burma.

Our recommendations in Part I have been the means of the Delhi Flying Club taking over the Delhi—Karachi service and I hope to see further extensions.

21st December 1931.

J. RAMSAY-SCOTT.

REPORT
OF THE
GENERAL PURPOSES SUB-COMMITTEE
OF THE
RETRENCHMENT ADVISORY COMMITTEE

APRIL 1932

PART III



**CALCUTTA: GOVERNMENT OF INDIA
CENTRAL PUBLICATION BRANCH**

REPORT
OF THE
GENERAL PURPOSES SUB-COMMITTEE
OF THE
RETRENCHMENT ADVISORY COMMITTEE

APRIL 1932

PART III



CALCUTTA: GOVERNMENT OF INDIA
CENTRAL PUBLICATION BRANCH
1932

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Kamala Book Depot, Ltd., 18, College Square, Calcutta.
*Bengal Flying Club, Dum Dum Cantt.
Kali Charan & Co., Municipal Market, Calcutta.
N. M. Roy Chowdhury & Co., 14, College Sq., Calcutta.
B. C. Basak, Esq., Proprietor, Albert Library, Dacca.
Higinbothams, Madras.
Rochouse & Sons, Madras.
G. A. Nateson & Co., Publishers, George Town, Madras.
P. Varadachary & Co., Madras.
City Book Co., Madras.
Law Publishing Co., Mylapore, Madras.
The Booklover's Resort, Talkad, Trivandrum, South India.
E. M. Gopalakrishna Kona, Pudukmandapam, Madras.
Central Book Depot, Madras.
Vijapur & Co., Vizagapatam.
Thacker & Co., Ltd., Bombay.
D. B. Taraporevala, Sons & Co., Bombay.
Ram Chandra Govind & Sons, Kalbadevi Road, Bombay.
N. M. Tripathi & Co., Booksellers, Princess Street, Kalbadevi Road, Bombay.
New and Secondhand Bookshop, Kalbadevi Road, Bombay.
J. M. Pandia & Co., Bombay.
A. H. Wheeler & Co., Allahabad, Calcutta and Bombay.
Bombay Book Depot, Girgaon, Bombay.
Bennett, Coleman & Co., Ltd., The Times of India Press, Bombay.
The Popular Book Depot, Bombay.
The Manager, Oriental Book Supplying Agency, 15, Shukrawar, Poona City.
Rama Krishna Bros., Opposite Vishrambag, Poona City.
S. P. Bookstall, 21, Budhwar, Poona.
Jangaldas & Sons, Booksellers and Publishers, Bhaga Talao, Surat.
The Standard Book and Stationery Co., 32-33, Arbab Road, Peshawar.
The Students Own Book Depot, Dharwar.
Shri Shankar Karnataka Pustaka Bhandara, Malsmuddi Dharwar.
The Standard Bookstall, Karachi, Quetta, Delhi, Murree and Rawalpindi.

Frontier Book & Stationery Co., Rawalpindi.
*Hosseinbhai Karimji & Sons, Karachi.
The English Bookstall, Karachi.
Rose & Co., Karachi.
The Standard Bookstall, Quetta.
U. P. Malhotra & Co., Quetta.
J. Roy & Sons, 43, K. & L, Edwards Road, Rawalpindi, Murree and Lahore.
The Standard Book Depot, Lahore, Nainital, M. soorie, Dalhousie, Ambala Cantonment and Delhi.
The North India Christian Tract and Book Society, 18, Clive Road, Allahabad.
Ram Narain Lal, Katra, Allahabad.
"The Leader", Allahabad.
The Indian Army Book Depot, Dayalbagh, Agra.
The English Book Depot, Taj Road, Agra.
Gaya Prasad & Sons, Agra.
Narsin & Co., Messon Road, Cawnpore.
The Indian Army Book Depot, Jullundur City Daryaganj, Delhi.
Manager, Newal Kishore Press, Lucknow.
The Upper India Publishing House, Ltd., Literata Palace, Ammuddania Park, Lucknow.
Rai Sahib M. Gulab Singh & Sons, Muzi-Lam Pr Lahore and Allahabad.
Rama Krishna & Sons, Booksellers, Anarkali, Lahore.
Students Popular Depot, Anarkali, Lahore.
The Standard Bookstall, Lahore.
The Proprietor, Punjab Sanskrit Book Depot, Sahibzada Street, Lahore.
The Insurance Publicity Co., Ltd., Lahore.
The Punjab Religious Book Society, Lahore.
The Commercial Book Co., Lahore.
The University Book Agency, Kachari Road, Lahore.
Manager of the Imperial Book Depot, 63, Chand Chowk Street, Delhi.
J. M. Jaina & Bros., Delhi.
Fono Book Agency, New Delhi and Simla.
Oxford Book and Stationery Company, Delhi, Lahore Simla, Meerut and Calcutta.
Supdt., American Baptist Mission Press, Rangoon.
Burma Book Club, Ltd., Rangoon.
S. C. Talukdar, Proprietor, Students & Co., Cooch Beha.
The Manager, The Indian Book Shop, Benares City.
Nandkishore & Bros., Chowk, Benares City.
The Srivilliputtur Co-operative Trading Union, Srivilliputtur (S. I. R.).
Raghunath Prasad & Sons, Patna City.
The Students Emporium, Patna.
K. L. Mathur & Bros., Guzi, Patna City.
Kamala Book Stores, Bankipore, Patna.
G. Banerjee & Bros., Ranchi.
M. C. Kothari, Raipura Road, Baroda.
B. Parikh & Co., Baroda.
The Hyderabad Book Depot, Chaderghat, Hyderabad (Deccan).
S. Krishnaswamy & Co., Teppakulam P. O., Trichopoly Fort.
Karnataka Publishing House, Bangalore City.
Bheema Sons, Fort, Bangalore City.
Superintendent, Bangalore Press, Lake View, Mys Road, Bangalore City.

AGENT IN PALESTINE :—Steinatzky, Jerusalem.

* Agent for publications on aviation only.

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CONSTITUTIONS AND TERMS OF REFERENCE OF THE SUB-COMMITTEE.

The General Purposes Sub-Committee was charged with—

- (i) the review of all central expenditure except that on the Army, the Posts and Telegraphs Department, the Railways, Civil Works, Audit and Accounts, Stationery and Printing and the Indian Stores Department. (Other Sub-Committees were set up for the purpose of reviewing the public expenditure on these excepted items.)
- (ii) consideration of, and co-ordination of, the proposals made by the other Sub-Committee relating to the pay and allowances of Government servants.

Constitution.—The Sub-Committee was constituted as below :—

- (1) Sir ABDUR RAHIM, K.C.S.I., K.T., M.L.A., (Chairman).
- (2) The Hon'ble Rai Bahadur Lala RAM SARAN DAS, C.I.E., Member.
- (3) Mr. RANGASWAMY AYANGAR, "
- (4) Mr. S. C. MITRA, M.L.A., "
- (5) Mian MUHAMMAD SHAH NAWAZ, C.I.E., M.L.A., "
- (6) Mr. K. C. ROY, C.I.E., M.L.A., "
- (7) Rai Sahib HAR BILAS SARDA, M.L.A., "
- (8) Mr. J. RAMSAY SCOTT, M.L.A., "
- (9) Khan Bahadur Hafiz WILAYAT ULLAH, I.S.O., M.L.A., "
- (10) Mr. J. C. NIXON, I.C.S. (representing the Finance Department, Member.

Mr. S. P. SHAH, I.C.S. (up to 7th June 1931), }
Mr. W. R. TENNANT, I.C.S., } Secretary.

Reference—

" To make recommendations to the Committee* for effecting forthwith or by stages all possible reductions in the public expenditure of the Government of India under review of the Sub-Committee, having regard especially to the present and prospective position of the revenue. In so far as questions of policy are concerned, these will be left for the exclusive consideration of the Government, but it will be open to the Sub-Committee to review the expenditure and to indicate the economies which can be effected if particular policies are either adopted, abandoned or modified."

*i.e., to the Retrenchment Advisory Committee.

CHAPTER I.

GENERAL OBSERVATIONS.

(1) *Introductory.*—In parts I and II of our Report we have dealt with all “central” expenditure under the purview of the General Purposes Sub-Committee with the exception of the expenditure under the control of the Foreign and Political Department (including that on the Foreign and Political Department of the Secretariat). In this part we deal with the latter and thus finish our enquiry into “specific retrenchment”.

The present enquiry has brought us face to face with some of India's most important problems. In order that the scope and effects of our proposals under this head may be properly realised, one must bear in mind the fact that the control and direction of both the internal and external affairs of India is vested in His Majesty's Government. India's internal affairs relate, firstly, to the administration of what is called ‘British India’ and, secondly, the carrying out of such obligations as arise out of treaties and engagements between the British Crown as the ‘paramount power’ and about 600 ‘Indian States’ ranging from States like Hyderabad whose rulers enjoy sovereign rights of internal government in territories, which in area, population and revenues are larger than some independent European States, down to small ‘estates’ with rent rolls of a few thousands belonging to ‘rulers’ with extremely limited “jurisdiction” of their own. The direction of internal affairs of India in both these respects is exercised by the Secretary of State for India as a member of the British Cabinet. In dealing however with the subject of defence of India including the control of the British troops in India and the Indian Army, the Secretary of State for India and the British War Office act in co-operation. As for the external affairs of India, the country has no independent foreign policy of its own. Such as it is, it forms part of the foreign policy of the British Government and is directed by the British Foreign Office. This is implicit in the justification, based on the trade interests of India, as put up by the Foreign and Political Department, for India bearing the whole or part of the expenditure on certain legations, political agencies, and consulates maintained in Asia.

The expenditure now reviewed may be analysed as below :—

- (a) Expenditure on the “Watch and Ward” of the north-western and the north-eastern and Burma frontiers. This expenditure is incurred not merely on establishments but also on buildings and communications.
- (b) Expenditure in the two frontier administrations, viz., the North-West Frontier Province and Baluchistan other than that on the frontier watch and ward.
- (c) Expenditure in the minor administration of Ajmer-Merwara, which corresponds in certain respects to the North-West Frontier Province and Baluchistan, but has no frontier problem.

- (d) Expenditure on Residencies, Political Agencies, Consulates, Vice-Consulates, Trade Agencies, etc.
- (e) Expenditure on "administered areas," *e.g.*, cantonments, "residency" or "agency" areas, civil stations, camps, railway lands situated within the territories of Indian States in which jurisdiction (but not sovereignty or ownership) has been surrendered by the States in question to the British Indian Government.
- (f) Expenditure on the Foreign and Political Department of the Secretariat.
- (g) Miscellaneous expenditure, *e.g.*, subsidies, maintenance of refugees and State prisoners, grants-in-aid to educational and other institutions, maintenance of certain forces and formations, entertainment charges, works, etc.

Following our usual plan we shall deal with the entire expenditure under each distinct "grant." Thus, Political, Land Revenue, Forests, Excise, Education, Medical, Public Health and other similar heads will be dealt with under each distinct grant and not for India as a whole. In the case of Frontier Watch and Ward also we shall follow the same plan and deal with the Frontier Watch and Ward establishments in the North-West Frontier Province and Baluchistan along with the other grants relating to those two "minor administrations." On the other hand, expenditure on establishments on the Burma and Assam frontiers and on buildings and communications intended for frontier watch and ward in the North-West Frontier Province, Baluchistan, Burma and Assam will be dealt with under the non-voted grant "Frontier Watch and Ward."

In the case of Ecclesiastical, however, we have already disposed of the grants for India as a whole in Part II of our Report. We shall all the same make a brief reference to this fact under every grant which comprises an allotment for Ecclesiastical.

Coorg excluded.—The district of Coorg, which used to be one of the minor administrations, is now treated in certain respects as a "province" with a classification of its expenditure into "central" and "provincial." The major portion of its expenditure is "provincial" and not "central." There is in fact no "area" grant for Coorg at all. Since our task is to review "central" expenditure, and Coorg *per se* does not figure in the estimates of central expenditure, we have left it out of our purview.

(2) *Subject of Part III.*—Of all the civil departments of the Government of India the Foreign and Political Department controls the largest civil *expenditure—6,52.76 lakhs—a fact perhaps little known to the general public. The operations of the department are still less known, partly because of their nature but still more so because of the peculiar constitution of the government of the country. This Department is in the portfolio of the Viceroy himself, who is in no way answerable to the Legislature. Detailed estimates of the wholly "non-voted" expenditure controlled by this Department, which

*Vide Appendix II to Chapter I of Part II of our report. Posts and Telegraphs Department expenditure being "commercial" is not taken into account for the purposes of this statement.

forms 70 per cent. of its total grant, are not supplied to the Legislature. Hence, such expenditure is excluded from the scrutiny of the Legislature.

The Foreign and Political Department, generally speaking, deals with two classes of subjects, though the exact line of demarcation is not easy to lay down. Unlike other departments of Government it is in charge of two Secretaries—the Foreign Secretary and the Political Secretary. The foreign side of the department conducts the relations of India with countries outside or on the border but includes also the North-West Frontier Province and Baluchistan. The political side administers the relations of the Indian States with the British Crown as the paramount power. So far as foreign relations properly speaking are concerned, India has no independent policy of her own. It is the British Foreign Office that controls and directs such policy, the Viceroy acting as their chief adviser and agent in India. But the political relations with the Indian States are controlled by the Secretary of State for India and the Viceroy. In either case the Executive Council is not likely to have the same effective voice in the policy or administration of the department, as in the case of other departments, though we understand that, as a matter of fact, the proposals of the department are placed before the Executive Council.

(3) *Expenditure and its growth.*—The following table shows how the expenditure has grown from 407·07 lakhs in the year preceding the Great War to 652·76 lakhs in 1931-32. The grants for 1931-32 have been classified into "voted" and "non-voted." The "excise" grant of 2·40 lakhs is for the payment of compensations to Indian States in respect of certain excise arrangements under which the States concerned do not get the duty on excisable articles consumed in their own territories.

—	Actual expenditure in			1931-32 Estimates.			Reductions recommended by us in—	
	1913-14.	1921-22.	1924-25.	Voted.	Non-voted.	Total.	Skeleton scheme.	Final Report.
31—Foreign and Political Department	7·17	9·93	8·54	9·14	2·60	11·74	2·75	2·75
78—North-West Frontier Province	122·41	175·03	220·55	111·39	135·39	246·78	30·05	20·24
79—Baluchistan ..	53·17	60·36	71·57	31·27	48·07	79·34	10·24	10·25
81—Ajmer-Merwara	9·09	13·20	14·23	16·97	1·51	18·48	2·76	3·02
83—Rajputana ..	12·18	13·21	14·18	5·55	7·84	13·39	2·33	3·55
84—Central India ..	15·89	13·14	14·18	5·66	7·26	12·92	3·23	3·25
85—Hyderabad ..	6·57	5·36	5·33	3·19	6·71	9·90	1·09	1·61
Political (non-area) } Frontier Watch and Ward (non-area) }	172·80	180·39	164·34	..	{ 97·97 128·85	97·97 128·85	29·06 48·55	37·59 48·55
Bangalore ..	6·06	10·50	22·66	..	14·16	14·16	..	..
Western India States Agency ..	..	..	13·85	..	16·83	16·83	3·25	3·25
Excise (Non-voted)	..	..	..	..	2·40	2·40	..	..
Total ..	405·34	481·12	549·43	183·17	469·59	652·76	133·31	134·06

(4) *Skeleton retrenchment scheme.*—In July 1931 we had issued questionnaires relating to each grant except Excise. Having studied the replies and other material, we examined the representatives of the Foreign and Political Department as soon as we found time after disposing of the first two parts of our report (*vide* Appendix I for a table showing our sittings). It was not possible to present a full-fledged report before we adjourned. We were assured that a skeleton scheme of retrenchment incorporating our proposals and remarks would enable Government to give effect, in the budget estimates for 1932-33, to such reductions proposed by us as were accepted by Government. With this object we supplied, before Christmas 1931, a detailed summary with, in some important cases, brief reasons in support of our proposals. The reductions so proposed have been shown in the penultimate column of the table given in paragraph 3. We have only to add that except as regards expenditure on Frontier Watch and Ward our present Report does not differ in any material respect from the summary supplied by us in advance. A few changes there undoubtedly are but it will be seen from the figures given in the summary printed at pages 261-263 that not only the grand total, but in some cases even the totals for individual grants are, for* practical purposes, the same as in the skeleton scheme.

(5) *Government action.*—In September 1931, the Hon'ble the Finance Member, while introducing the Supplementary Finance Bill, 1931, stressed the gravity of the financial situation. We have not been told, and have no reason to believe, that it has become appreciably less acute since or that there has been any considerable improvement in the economic condition of the country. The heavy burden of taxation imposed by the "certified" Supplementary Finance Bill 1931 still remains. Yet we feel that actual reduction of expenditure on the activities reviewed by us in parts II and III (*i.e.*, the skeleton scheme supplied in advance) has slackened. We are compelled to conclude that either Government no longer consider retrenchment the acute necessity to the soundness of their financial position that it was before the "certification" of the Supplementary Finance Bill or that the view that, while scientific activities and beneficent departments can be subjected to substantial retrenchment, the so-called administrative departments and "essential" functions can only be scraped for minor economies, has been influencing Government's decisions to an undue extent since the presentation of the first part of our report. In this connection we invite attention to the following table which needs no comment:—

1931-32 budget provisions.			Reductions recommended by us.	Reductions accepted by Government.	Percentage of column 3 to column 2.
		1	2	3	4
Part I	.. ..	321·77	121·21	104·00	86
Part II	.. ..	791·73	168·32	86·00	51
Part III*	.. ..	6,52·76	133·41	72·00	54
Total		17,66·26	422·94	262·00	62

*The reference here is to the Skeleton Scheme and not to our Final Report.

The reductions of 86·00 and 72·00 effected by Government on the activities reviewed in parts II and III of our Report include the retrenchment of beneficial services, like Education, which Government have seen fit to carry out on their own initiative and responsibility and, generally speaking, against our clear advice. We confess that a premonition of the line that Government intended to take with regard to the activities which have since been reviewed by us in parts II and III was furnished to us in the Hon'ble Finance Member's speech introducing the Supplementary Finance Bill, 1931. He then said that his estimate of reduction of expenditure was limited to 90 lakhs net (including the automatic reduction of 23½ lakhs on census). Our own review has shown that there is scope for a reduction of expenditure by a little under 3 crores. The fact that Government themselves have already been able to give effect to a reduction of 158 lakhs shows that the figure of 90 lakhs was a considerable under-estimate.

(6) *Attitude towards beneficent activities, Education and Scientific Departments.*—As this is our final report on the subjects committed to us, we take this opportunity to observe that some serious misrepresentations have been made with respect to the trend of some of our proposals in the I and II parts of our Report in connection with certain beneficent activities of the Government of India, more especially the expenditure on scientific departments and grants for educational purposes. If we had one object more prominently and consistently in view than another, it was to see that any expenditure on such activities was not curtailed so as to affect them injuriously—far from “kill them,” as was stated in the Assembly by one member of the Government. We had made this absolutely clear in the very forefront of our first report and all our recommendations in this connection were based on that principle. In the particular cases, where we felt justified in reducing expenditure of this class, it was solely because we were persuaded that there was room for economy by retrenching superfluous staff in order to obviate over-administration, which, as is well-known, interferes with the proper conduct of scientific research. We wish to refer here to paragraphs 9 and 10 of Chapter I of Part I of our Report, from which our position will be clearly understood. We must also point out that we had to resist continued pressure of the representative of the Finance Department on our Committee to curtail expenditure on the scientific and educational activities of the Central Government generally and to close down or suspend for a term of years some of the institutions concerned. But we regret to note that while this was the attitude of the representative of the Finance Department itself on the Committee towards these activities, some members of the Government including the Finance Member himself, the Chairman of the Main Retrenchment Committee, sought to discredit generally the work of the General Purposes Sub-Committee in the debates in the Legislative Assembly by presenting some of our proposals in a misleading and distorted light. We give in Appendix III brief extracts from the speeches made by some members of the Government pointing out the inaccuracies contained therein.

(7) (a) *Complexity of Political Expenditure.*—The grants reviewed in this part include the majority of “area” grants and thus present more detailed and complex problems than the normal type of grants (*viz.*, departmental) reviewed in the first and the second parts.

(i) *Review comprises "provinces".*—In at least two cases, if not three (*viz.*, North-West Frontier Province, Baluchistan and Ajmer-Merwara) can be argued that the expenditure reviewed is comparable to that incurred in the smaller of the major provinces. It not only comprises the principal heads of expenditure on subjects which are at present classified as "provincial", but also, in the case of the North-West Frontier Province and Baluchistan, important "central" heads as well; at least one "central" subject, *viz.* Frontier Watch and Ward, is peculiar to these two minor administrations. Even in the case of Rajputana, Central India, Hyderabad, Bangalore and the Western India States Agency the pattern followed for purposes of grants and accounts is essentially the same as in the major provinces.

(ii) *Non-voted estimates not so dependable.*—Again, the grants for the maintenance of Political Agencies and Residencies are in certain respects rather difficult to handle. Their organisation tends to follow a general scheme but the variations are both numerous and important. Although detailed estimates are prepared, the accuracy of the non-voted grants is not guaranteed in the same way as that of voted estimates which are placed before the Legislature in the form of "Demands for Grants". From the description of the detailed units of appropriation it is not always possible to ascertain the precise direction or objective of the expenditure. Annual administrative reports are not available. We acknowledge the very valuable assistance rendered by the Foreign and Political Department in the form of useful and often detailed information in reply to our numerous questionnaires. But in the nature of things it could not take the place of information available in publications on which any one could lay his hands at will, and from which one could, if necessary, quote in support of his views and proposals.

(iii) *Authoritative detailed review of expenditure not available.*—We observe that Mr. Jukes' review disposes of the progress of expenditure controlled by the Foreign and Political Department in a few pages. Valuable in its own way, particularly for a broad grasp of political expenditure as a whole, it fails to give a detailed picture of the growth of expenditure on each political unit. Our report attempts to supplement Mr. Jukes' review in this respect and bring it up to date with the help of the detailed information supplied by the Department or collected from other sources.

(iv) We may again mention the important accounting changes which tend to obscure the progress of expenditure. The expenditure on the "despatch vessel" at Bushire and that on the lighting and buoys of the Persian Gulf are examples of such changes. Secret Service money now usually figures under "office allowance"; previously it used to be shown as such or under supplies and services. Certain classes of expenditure in the agencies and consulates and vice-consulates under the control of the Political Resident, Bushire, are now "centralised" and appear in the Bushire budget and not in their own budgets. Similar important changes have taken place in the expenditure of the Bhutan-Sikkim Agency on the one side and the Gyantse and Yatung Trade Agencies on the other. A major change is the transfer of the provisions for sterling overseas pay, etc., to the High Commissioner's budget. These are only a few specific cases cited by us as illustrations; they do not by any means exhaust the list.

(v) *Changes of Policy.*—Certain fundamental changes of policy have also taken place since the retrenchment campaign of 1922-23. Thus, the annual subsidy of 19 lakhs to the Amir of Afghanistan is no longer payable. On the other hand, the Kabul Legation is now costing about eight to ten times what India's political representation in Afghanistan used to cost. Again, in the case of Persia and the Persian Gulf Littoral His Majesty's Government have taken certain Consular and Vice-Consular outposts under their own control and India only makes contributions towards their up-keep, whereas formerly India used to meet the whole cost in the first instance.

(vi) *Complicated system for division of expenditure and administrative control.*—The existing arrangements regarding the authorities in administrative control of certain political agencies and the manner in which expenditure is shared between Great Britain and India are somewhat complicated. The Consulates and Vice-Consulates in Persia and the Gulf Littoral furnish the most important illustration ; Kashgar furnishes another. Some of them are manned by officers under the control of the Government of India ; some by officers of the diplomatic and consular services controlled by His Majesty's Government. With the exception of the expenditure on Bahrein and Muscat, which India has to bear herself, expenditure in Persia and the Persian Gulf Littoral is, broadly speaking, shared equally by Great Britain and India. But India bears the whole cost of the Legation at Kabul, the Consulate-General at Kashgar, and the three outposts in Tibet. In respect of diplomatic and consular establishments in China, India makes a fixed contribution of £12,000 per year. This is recovered from India by adjustment in the Secretary of State's accounts. A committee appointed by the Secretary of State for India under the Chairmanship of Sir Henry Wheeler has recently recommended that an effort should be made to secure the discontinuance of such contribution ; so far as we are aware, no such recommendation has been made in respect of political and other expenditure in Persia, Arabia, Afghanistan, Turkestan and Tibet with the object of affording relief to India. We have cited these facts to show that unless net expenditure (i.e., after adding India's contribution, to, and deducting recoveries from, Great Britain) are taken into consideration, comparable figures cannot be arrived at.

(b) *Adherence to detailed framework.*—We have all the same attempted to present as complete a picture* of each unit of expenditure reviewed by us in this report as it was possible for us to do with the material and information available to us. Some of the material set forth in our report, though not confidential, is not easily available to the public. Hence, we have attempted to reconnoitre and give a brief but precise picture of each grant, trusting that this will help to appraise our remarks, suggestions, and proposals at their true worth. We think that even as a handy reference book our report will serve some purpose.

(8) *Problem of the North-West Frontier.*—It will be evident that many of our important proposals for retrenchment can be given effect to only if certain policies are fully carried out. One outstanding problem in this connection

*In this connection vide paragraph 22 (on page 10) of Chapter I, Part I of our Report

relates to the land frontiers of India (including Burma), especially on the north-west. India was often in the past invaded from the North-West, mainly through the Khyber Pass (in the North-West Frontier Province) and to a lesser extent through the Bolan Pass (in Baluchistan), and in recent times the Czarist regime in Russia gave rise to considerable apprehensions in this respect. With the disappearance of that regime, however, the danger of any invasion from the north-west has considerably diminished, even if it cannot be said to have vanished altogether. The practical problem has since then been more or less confined to the protection of the north-west frontier from "raids" by independent tribes living in what is called "the tribal areas". The expenditure incurred in guarding against and meeting such raids has been enormous, not only on measures directly adapted to this specific end and in the cost of actual action and movements of troops but this fact has also generally influenced the strength and equipment of the Indian military forces of various arms. Until a short time ago, *i.e.*, during the currency of the so-called "buffer state" policy Government's policy was mainly based on the assumption that these tribes must always remain intractable and prone to pounce upon Indian towns and villages across the border and to plunder their inhabitants, whenever they found a suitable opportunity. But we have been informed that a new orientation has been given to the frontier policy to secure a more stable state of peace and security. That policy is one of 'peaceful penetration' or of 'civilising' the tribes. Its objective is to open out suitable and adequate avenues of employment for the tribes and to induce them to settle down on the land by building roads, by enabling them to make the best use of their forest resources, by increasing the extent of cultivable and pasture lands by means of canals, and by spreading education. These tribes (*viz.*, Afridis, Wazirs, Mahsuds, Mohmands and others) are not only a war-like and virile people but also intelligent, hardy and hardworking. They have also certain traits of moral character through which very effective appeals can be made to them. They are well-known for their hospitality and chivalry. They are also extremely susceptible to the influence of religion, though at present under the teachings of narrowminded, ill-informed and mostly selfish *mullahs* it is apt to develop intolerant fanaticism.

We cordially endorse the policy, the aim of which, as we have understood it, is to make every appeal to the higher instincts of these people. But it should never be forgotten that the primary condition of success of any such policy is the development of the economic resources of their country and the opening out of adequate avenues of peaceful and useful employment for them without interfering substantially with their independence, which they prize above everything else. We see no reason why they should not also be encouraged to find suitable employment in British India itself.

We should further add that unless such a policy is earnestly and successfully carried out, the problem of the north-west frontier will not be solved on a stable basis. In this connection we must express our firm belief that the recent grant of a new constitution for the Government of the North-West Frontier Province with a promise that it will be expanded on the same line as that of the other provinces of India will greatly ensure the success of this new policy. We should like here to emphasize the fact that the remarkable

decline in the number of raids and consequent casualties and loot of property in recent years* inevitably tends to strengthen our conclusion in favour of the new policy. We had these broad considerations in mind in making our specific proposals for retrenchment in the expenditure on Frontier Watch and Ward both in the North-West Frontier Province and in Baluchistan, so that more money could be found to devote to more productive purposes.

(9) *Some important general issues.*—We may now discuss certain important issues of a general character which have emerged out of our review of the political grants.

(i) *Financial control.*—We are not satisfied that the present arrangements for control over expenditure from the grants administered by this Department are adequate or effective. We are unable to suggest definitely the exact arrangements, which may secure proper financial control. But it may be worth while considering whether it would improve matters if the Under-Secretary, who, we understand, deals with finance, is placed directly in subordination to the Finance Department but without in any way increasing the cost of the post or altering the system under which at present financial proposals are submitted to the Finance Department. We do not of course refer to the work of any particular officer but only to the nature of the existing system.

(ii) *Supply of estimates to Legislature.*—In the case of wholly non-voted grants and the wholly non-voted heads included in the “area” grants, detailed estimates are not incorporated in the volume of “Demands for Grants” laid before the Legislature; only a brief summary, which hardly gives any guidance, is furnished. We are not aware of the reason why the details of this expenditure are withheld from the Legislature. We notice that detailed estimates of military expenditure, which also are non-voted, are furnished. We suggest that the *raison d’être* of the current practice be scrutinised afresh. The Legislature should, in our opinion, be taken into confidence. Under the existing constitutional position, these estimates would continue to be non-voted; hence, the information made available to the Legislature would not, in our opinion, cause any undue embarrassment to Government.

In this connection we may draw attention to the change in the practice, which, we understand, Government have, on our advice, decided to make as regards estimates for the Nasik concerns. These have so far been excluded from the “Demands for Grants”, but we understand that the question of incorporating them therein is under consideration at present.

(iii) *Special pays and allowances.*—In this department, perhaps more than in any other, numerous special pays and allowances (e.g., sumptuary, language, conveyance, motor car, compensatory, customs compensatory, house-rent and duty allowances and special pays) on generous scales are payable, even though the scales of pay are liberal enough. Many officers get various special pays or duty allowances for one reason or another, and even establishments get them in an unusually large number of cases or on unusually generous scales. We have quoted numerous individual cases in the main body of our Report, but may refer to two of the most striking cases. The aggregate amount of the Residency Surgeon, Indore’s extra emoluments, numbering as many as ten,

* See Table at page 48.

is as much as Rs. 1,142 per mensem ; (The present incumbent's substantive pay is Rs. 1,500 *plus* £ 30 O.P.) The extra emoluments of the Vice-Consul Mohammerah, whose pay proper is Rs. 500 per mensem, aggregate Rs. 600 per mensem. We note that in some cases the cost does not fall entirely on central revenues. We presume, however, that the aggregate cost to central revenue must be a considerable figure.* We recommend a thorough overhaul of the entire system. When an Assistant Residency Surgeon gets, besides his pay proper, a special pay for acting as Assistant to the Residency Surgeon *cum* Chief Medical Officer, there must be something wrong with the manner in which extra emoluments are sanctioned.

Since reduction of special pays and allowances is obviously an easier mode of effecting permanent economies than revisions of scales of pay, we recommend that pending a thorough examination, they should be reduced by one-half. We may draw attention to the fact that in the case of political officers serving on the north eastern frontier under the control of the Government of Assam that Government has, in the interests of economy, reduced the special pays and allowances by substantial percentages, *e.g.*, the total extra emoluments of Rs. 400 per mensem to two Political Agents have been reduced to Rs. 150 per mensem in one case and Rs. 250 in another. We trust that the Government of India also will take up the question equally seriously.

In this connection we may refer to several concessions and amenities which are provided at the public expense to the officers of this department. Numerous officers get rent-free quarters—sometimes furnished. Liberal provisions for the maintenance of gardens, saloons, special trains, motor cars are other instances. While it is impossible for us to scrutinise each case on its own merits, we earnestly recommend that the whole system should now be thoroughly overhauled.

(iv) *Imperial burdens on central taxpayers.*—We may now draw attention to certain burdens which British India has to bear, in our opinion unfairly. We have recommended that the entire cost of diplomatic and consular representation in Persia and the Persian Gulf Littoral and Turkestan and of the agencies at Gyantse, Yatung and Gartok should be entirely borne by the British Government. We claim that it has not been shown to our satisfaction that they are maintained in the trade interests of India. We are satisfied that their history, constitution and the other important facts, which we have mentioned in our Report, do not prove the case of the department in this connection. So far as we are aware, no dominion or colony bears a share of such expenditure, even when it is almost directly interested. In this connection, we may refer to the recommendation made in an analogous case by the Economy Committee appointed in 1931 by the Secretary of State (under the Chairmanship of Sir Henry Wheeler) to the effect that efforts should be made to secure discontinuance of India's annual contribution (£12,000) towards diplomatic and consular establishments in China.

This question in fact is not raised by us for the first time ; what we have pressed for is that the true position should now be fully recognised and

*In the case of the North-West Frontier Province and Baluchistan we have made rough estimate of the total special pays and allowances payable to officers ; in the former, our estimate of the aggregate amount is 2·04 lakhs, and in the latter, 40 lakhs.

India be relieved of expenditure, from which she derives very little benefit. But since it will take about a year before a decision is reached and readjustments made, we have proposed certain reductions in the expenditure in order to give as much relief in the meantime to Indian revenues as possible.

Although in the case of Afghanistan the position is very different from what it is in Persia, we have not gone so far as to propose that His Majesty's Government should bear the total expenditure of the British Legation at Kabul. We have only proposed that while the ultimate aim should be to share the cost with His Majesty's Government, India may for the present bear as much as two-thirds of the cost of the Legation proper.

There are certain other directions also in which British India alone bears heavy all-India and imperial burdens. We shall refer to a few such cases.

(a) The expenditure incurred in administering the relations of the Indian States with the Paramount Power is entirely borne by the revenues of British India. We have had no opportunity of examining the reasons for this arrangement and we have proposed reductions of expenditure on Political agencies on the basis of the present policy. That policy, as we have already stated, is the discharge of obligations arising out of the treaties and engagements of those States with Government. It does not lie within the scope of such an enquiry as ours to ascertain what exactly is the nature of these obligations in individual cases. We have, however, assumed as a broad fact that the obligations in question include the possibility of the Political department being called upon to give such advice and help to the Rulers from time to time as might be helpful to them in so carrying on their administration as to secure peace, contentment and prosperity of the inhabitants of the States. That indeed is the objective which the entire system of political agencies seems to be designed to serve and in making our recommendations for retrenchment we have taken care that its efficiency is in no way impaired. Our sole concern has been to see that the revenues of British India are not unjustly burdened with any avoidable item of expenditure.

(b) The heavy expenditure on dak and telegraph lines in Tibet, and the medical expenditure in Persia, etc., are other cases in point.

(c) The Indian States Forces are in many cases a source of power and prestige to the states that maintain them. But, the entire cost of maintaining the Military Advisory Staff for their training (6·44) falls on central revenues.

(d) Similarly, the net cost of the Malwa and Mewar Bhil Corps, the Hyderabad Chowkidari establishment, the net cost of the Railway Police in Rajputana, Central India, Western India States Agency, etc., the substantial annual present to Nepal and the subsidies to Muscat and Bhutan, the grants-in-aid to Chiefs' Colleges and similar institutions, the cost of education of students from Nepal and Bhutan, entertainment charges and the cost of keeping refugees and state prisoners, payments to tribes and Khans,—all these are more or less Imperial or all-India burdens, which the central taxpayer has at present to bear.

We understand that some of these and similar questions have perhaps been enquired into already; all the same, we suggest that the need for undertaking such burdens and the feasibility of reducing them be scrutinised afresh,

wherever necessary. In connection with most of them we have made detailed proposals in the relevant portions of our Report. We may, however, refer here to the question of policing the railway systems in India.

We agree that India's best interests require unified control as far possible, but we do not see why the central taxpayer should bear an undue large share of the burden. We observe that in the case of the Hyderabad railways the contributions levied from the State as well as the railway companies concerned enable the full cost to be recovered. Similarly, in the Western India States Agency some cost is, at any rate in theory, recovered in the form of the Gaekwar Subsidy of 3½ lakhs, a part of which may be treated as a lump sum payment. On the other hand, we find that in Rajputana, Central India, and presumably also in Mysore, Punjab and elsewhere the cost is borne entirely by central revenues. The position is, however, somewhat obscure to us and we are content to leave the matter to be examined in detail by the department. We suggest that such examination should embrace the liability of the railway companies served. Thus, if railway companies operating in Hyderabad State have to contribute towards the cost of the Hyderabad Railway Police, there seems little reason why the other Railway Companies and Administrations whose lines serve states' territory or "administered" areas should not be made to contribute towards the cost of the Railway Police serving them, not merely as a watch and ward agency but in its rôle as a railway police.

(v) *Military expenditure.*—We draw attention to several cases in which expenditure which in essence is military is being shown under head "Political". We commented on similar cases in connection with certain classes of "civil" expenditure, e.g., the Survey of India, Agricultural, Medical, Ecclesiastical, etc. In certain cases such expenditure has always been classified as political; in some cases it used to be provided for in the army budget but was removed from it when in connection with the retrenchment campaign of 1922-23 an upper limit was put on that budget. As instances we may quote the expenditure on Frontier Watch and Ward (in all 2,52.35 lakhs), charges for the organisation of Indian States Forces (6.44 lakhs), and the cost of semi-military formations like the Mewar and the Malwa Bhil Corps these have always been shown as "political". On the other hand, the cost of the Envoy's escorts in Nepal, cost of stores for Gilgit Scouts, cost of telephon lines in the North-West Frontier Province and certain charges in connection with the Nayar Brigade used to be borne on the Army estimates but are now shown as "political". It can also be argued with a fair show of reason that some of the expenditure on the political agencies in the tribal areas in the North-West Frontier Province and Baluchistan and Burma and Assam is essentially military. The employment of officers of the I. M. S. and the I. M. D. in political agencies is often, in essence, a mode of providing arm surgeons with some useful employment in peace time. We propose that in the interests of a true picture of the real aggregate cost of each service the expenditure should be more precisely classified. We may remark that since "political" as well as "army" expenditure is "non-voted", the objection, viz., that constitutionally it would be a retrograde step to convert voted into non-voted expenditure is not applicable to our proposal.

In this connection we may refer to the unnecessary additional expenditure which the "commercialisation" of the Army budget and the passing of the Indian Cantonments Act involved. Army officers who in one capacity or another (e.g., as Cantonment Magistrates) used to do certain classes of work without extra emoluments (e.g., excise or judicial), are now in many if not most cases paid for such work, if it is still done by them. As illustrations we may refer to the provisions for special payments to army officers for excise work. We can see no strong reason for such payments. Their own work has not appreciably increased or become more arduous. If a *quid pro quo* is claimed on behalf of the army budget, the claim should be disposed of on the merits. But, we cannot defend the payment of extra emoluments to officers, maintained out of central revenues, for work which until only recently they used to do without any such extra emoluments.

(vi) *Utilisation of Local Governments' agency.*—While we refrain from expressing a general opinion on the relative merits and demerits of maintaining political relations with the Indian States through the agency of the respective Local Governments as an abstract question, we hold that by relieving certain Local Governments of such work in respect of specified states or groups of states some economy should be possible. As illustrations we might draw attention to our remarks regarding Mahikantha, Rewakantha, etc. On the other hand we are not prepared to recommend any change in respect of the states in Bengal, United Provinces, Bihar and Orissa or the Central Provinces. Our recommendation is that this question should be examined again in regard to each state or natural group of states from the point of view of possible economy without risk to efficiency.

(vii) *Subordinate Political Agencies.*—A reconsideration of the general policy under which political agencies subordinate to an Agent to the Governor General or a Resident are still maintained for the conduct of political relations with the Indian States may be in the interests of economy.

It may be feasible to reduce their number still further but we have not had the time to take evidence or to give this proposal due consideration and therefore we refrain from making any concrete proposals other than those already embodied in this report.

(viii) *Residency and Agency Surgeons.*—Another matter in which a change of policy is needed is the system of attaching surgeons to Residencies and Agencies. In the old days they used to be so attached almost as a matter of course. The circumstances of India in this respect have, however, changed so much that we do not consider it necessary to attach them to political agencies except in a few unimportant cases. Most Indian States now-a-days maintain qualified medical establishments; some of them are quite progressive in this respect. Where the assistance of a qualified medical staff in the employ of the State concerned is within easy reach, the attachment of special surgeons to a Political Agency should be an exception to be justified by special circumstances. We realise that our proposal raises the difficult problems of finding some form of suitable employment for officers of what in essence are army services. We have therefore not gone to the length of

recommending the abolition of all such posts, wherever the local circumstances appeared to us to be favourable; we have merely proposed the abolition of a few such posts which in our opinion were unnecessary and the abolition of which we deemed a practicable proposition even within the framework of the present policy on the subject. Thus, in the case of Central India we have proposed the abolition of only one such post, *viz.*, that of the Agency Surgeon, Bhopal, and failing it, the post of Residency Surgeon, Indore. On the other hand we could not see our way to accept the reasons for continuing the posts of the Residency Surgeons at Hyderabad and Bangalore. We trust that pending a fresh examination of this large, complicated and somewhat controversial question, effect will be given to our modest and limited proposals.

(ix) *Local Funds*.—In the course of our scrutiny of expenditure under the control of this department we have come across numerous local funds. Almost every political agency, which has an “administered” area, *e.g.*—Hyderabad, Western India States Agency, Central India, Mahikantha, etc., has one or more of them. They are raised from the taxpayers of “administered areas”, who are not liable to the taxation prevailing in British India proper, and they are used for a variety of purposes. Some of the activities financed from them go beyond the sphere of local self-government as understood and accepted at present. Thus, *e.g.*, expenditure on “Police”, “Jails” and presumably even “Administration of Justice” is at present financed, so far as we can see, from the two local funds of Secunderabad and Aurangabad under the Hyderabad Residency. In our view this arrangement is a relic of the days when governmental functions were not clearly defined and classified. The early history of local self-government in India shows that the administration of these funds has stereotyped certain features which have during the last few decades been discarded more or less all over India. Thus, for example, police expenditure in British India proper used to be financed from the proceeds of the Bengal chowkidari tax but is now financed entirely from provincial revenues. We hold that the raising of local funds for governmental activities which are now classed or treated as “provincial” or “central” is an anomaly which should, as far as possible, be set right, bearing in mind that the residents of “administered” areas do not at present bear the full burden of provincial and central taxation in force in British India proper. In any case, these funds should be exhibited in a handy form, so that the total burden of taxation in the “administered areas” may also be known.

Our concrete proposals in general are :—

- (a) that the expenditure from these funds should be sorted out into two classes, *viz.*, (i) that on activities appropriate to local self-governing bodies, and (ii) that on provincial and central activities,
- (b) it should be considered whether on the analogy of the practice in British Indian territory the taxpayers of the administered areas should not be relieved of the burden of financing some of the provincial or central activities.

- (c) even if it be considered inexpedient to lighten taxation in the administered areas, the expenditure on provincial and central activities should, though financed ultimately from local funds, be set forth in full in the "estimates", whether they are placed before the Legislature or not, and
- (d) the question of "assimilating" the system of taxation to that in force in the adjoining or the nearest parts of British India proper by "automatic application" should be scrutinised.

In support of our proposal (c) we might cite the present practice in regard to police expenditure. Although the Secunderabad local fund makes a full contribution, including leave contribution, for the maintenance of the police kept for that area, the entire expenditure appears in full in the estimates. Other analogous cases can also be cited, *e.g.*, Pilotage, Lighthouses and Lightships. The same principle can and should be applied to the expenditure on Jails, Justice and the "provincial" aspects of Education, Medical, Public Health, etc., as also to expenditure of the "central" type.

We claim that our proposals will help to keep taxation in the administered areas down by bringing the expenditure under the scrutiny of the Finance Department and, in certain cases, that of the Legislature as well. The present anomalous differentiation between the treatment of one administered area and another will tend to be kept under control and may eventually disappear. Incidentally, we might observe that it will make it impossible for the authorities in charge of administered areas to defeat the real object of retrenchment. That the risk pointed out by us is at present real, and not imaginary, will appear clearly from the proposals made by certain political authorities for the transfer of certain classes of expenditure from central revenues to local funds. We have given some illustrations in the case of the Mysore and the Hyderabad Residencies and we may only add that identically the same line of action was suggested by certain political authorities in connection with the retrenchment campaign of 1922-23.

(x) *Indianisation*.—Finally we wish to record our view that the pace of Indianisation in this department is very slow and should be accelerated. We hold that Indian agency should and must be cheaper; for one thing, overseas pay and passage and other concessions would not be admissible to many Indian Officers; even in the case of those who are entitled to overseas pay, it is generally drawn not in sterling but in rupees, *i.e.*, at a lower rate. We find very few Indian officers in the cadre of the department and even including Indians holding ex-cadre appointments the number of Indian superior officers is almost negligible. While examining the departmental memoranda and replies we have noted with some concern how the departmental proposals will not merely retard but sometimes even reverse the present policy, limited as it is, in the matter of Indianisation. We have made our recommendations on merits and have not allowed the question, whether a particular post under consideration is held by an Indian or a non-Indian, to influence our judgement. We therefore hope that while giving effect to retrenchment, whether on our lines or otherwise, this aspect of the question will not be lost sight of by the Department. We particularly refer to this matter, as we are aware of the

considerable uneasiness which prevails among many sections of Indians over this issue in connection with the manner in which retrenchment is being effected.

(10) *Survey of India*.—With reference to our remarks relating to the Survey of India in Part II of our report we wish to say that the scheme supplied to us gives us little more information than that contained in the memorandum supplied to the Legislature. It lacks the details on which we could record our final opinion on the merits of the retrenchment scheme put into effect by Government.

(11) *Cost*.—The estimated total cost of our Sub-Committee is Rs. 53,098 excluding the cost of printing, which is not at present known to us. The details are :—

	Rs.
(a) Travelling and daily allowances of Chairman and Members	17,850
(b) Pay of Secretary and pay and allowances of staff ..	32,863
(c) Cost of move from Simla to Delhi and back ..	1,345
(d) Contingent expenditure	1,000
(e) Payment to non-official witnesses	40
	<hr/>
	53,098

(12) *Responsibility for opinions and proposals*.—We wish to express our thanks to the Foreign and Political Department for taking the trouble to verify the facts and figures in the draft report. We wish at the same time to add that the department does not assume any responsibility for the statements, observations, opinions and proposals, contained therein.

(13) *Appreciation of Secretary's and staff's work*.—We are very pleased again to record our appreciation of the valuable assistance which our able Secretary, Mr. S. P. Shah, I.C.S., and Mr. N. N. Singh (his Assistant) rendered to us throughout our proceedings, especially in connection with the drafting of the report. The work connected with this particular enquiry has been of an unusually heavy character, involving references not only to the voluminous documents supplied by the department but also to a number of other official publications. They also took every possible care to see that the facts and figures stated are accurate. We also found our stenographer (Mr. Gur Bakhsh Singh, B. A.) extremely helpful to us in taking down the notes of the proceedings. He did his work very efficiently.

APPENDIX I.

Table showing the sittings and the periods during which the work of the Sub-Committee was interrupted due to sessions of the Legislature, etc.

Period.	Matters dealt with or causes of breaking up.
30th June—24th July ..	.. Preparation of questionnaires.
25th July—5th August ..	.. Break to allow time for replies.
6th August—4th September	.. Examination of representatives and heads of departments and formulation of proposals regarding the grants disposed of in Part I of the Report.
5th September—3rd October	.. Break due to Simla session of the Legislature.
10th, 11th and 16th September	.. Meetings during the session of the Legislature to adopt the first Part of the Report.
5th October—29th October	.. Examination of witnesses and formulation of proposals relating to the grants disposed of in Part II of the Report.
4th November—20th November	.. Break due to special session of the Legislature.
13th, 16th and 20th November	.. Meetings during the session of the Legislature to consider Part II of the Report.
21st November—5th December	.. Adopted the second Report.
14th December—23rd December	.. Examination of representatives of the Foreign and Political Department and formulation of proposals relating to grants disposed of in Part III of the Report.
26th December ..	.. Submission of skeleton scheme relating to Part III to the Hon'ble Finance Member.
25th January—6th April	.. Session of the Legislature.
12th and 17th February	.. Meetings during the session of the Legislature to consider Part III of the Report.
7th April—14th April ..	.. Adoption of Part III of the Report.

APPENDIX II.

Statement showing the attendance of Members.

Names.	14th December to 23rd December 1931.	12th Feb- ruary 1932.	17th Feb- ruary 1932.	7th April to 14th April 1932.	Total.	Remarks.
Days of sitting	.. 9	1	1	8	19	
Sir Abdur Rahim	.. 9	1	1	8	19	
The Hon'ble R. B. L. Ram Saran Das	.. 7	..	1	5	13	
Mr. Rangaswamy Ayan- gar	.. Nil*	..	1	Nil	1	*Was in England in connection with the R. T. C.
Mr. S. C. Mitra	.. 8	1	1	7	17	
Mian Muhammad Shah Nawaz	.. Nil	..	1	Nil	1	
D. B. Har Bilas Sarda	.. 9	1	1	2	13	
Mr. Ramsay Scott	.. 9	1	1	8	19	
K. B. Hafiz Wilayat Ullah	.. 9	1	1	Nil	11	
Mr. J. C. Nixon	.. 8	†	1	2†	11	†Was busy with Federal Finance Sub-Committee's Work. †Left Delhi for Eng- land on 9th April.

NOTE.—Mr. K. C. Roy was a member but he died on 7th September 1931.

APPENDIX III.

(REFERENCE PARAGRAPH 6 OF CHAPTER I.)

Extracts.

(1) *The Honourable Khan Bahadur Mian Sir Fazl-i-Hussain.*—(Page 2067 of Legislative Assembly Debates, Tuesday, 15th March 1932, Volume III, No. 2)

* * * * *

"I never thought last year that that Committee would bring so much trouble to us. (*Laughter*). I do not know whether the House is familiar with one of the numerous Committees this Committee divided itself into, but there was one that I came across very often, and that was the General Purposes Sub-Committee. What its purposes were, I do not know, except that it has left hardly any work for me to do. I seldom opened a pamphlet published by this Committee,—and it issued very many,—without seeing that some activity or other was curtailed. I wonder whether any Retrenchment Committee will be functioning next year to see to what extent money has been spent by this Committee, but I assure you there is hardly any activity of the Government of India's beneficent departments which has not been most ruthlessly attacked by my own people, the non-official Members of the House."

* * * * *

Page No. 2068.

"Then, amongst other recommendations, one was to the effect that there should be no Council of Agricultural Research Secretariat, that as a separate department it should cease to exist, and that it should be combined with the Department of Education, Health and Lands, as was the case before."

* * * * *

(2) *Hon'ble Sir George Schuster.*—

Page 2075.

"Therefore, they (General Purposes Sub-Committee) recommended almost double the economy in that particular form of activity which the Government have accepted, and as an example of what they have done, I may say they have recommended the abolition of both the posts of scientific experts attached to the Imperial Council of Agricultural Research. We felt that if both those experts were to go, the Imperial Agricultural Council would be left unable to perform the most useful part of its functions. I quote that as an example for the purpose of showing that when my Honourable colleague (Sir Fazl-i-Husain) spoke of the recommendations of the General Purposes Sub-Committee as in some respects having gone so far as almost to kill the activities of the scientific departments, he was not speaking beyond the truth, he was not exaggerating the picture."

* * * * *

Comments on inaccuracies in the above extracts.

(1) As for Sir Fazl-i-Husain he apparently knew nothing about our recommendations and it is surprising that he should have made himself res-

possible for unfounded statements of the character which we have just cited.

(2) As regards Sir George Schuster we quote here from our report the attitude taken up by the representative of his own department which we must assume was, to say the least, not unknown to him.

Archæology—

“Our official colleague—Mr. Nixon—holds that its expenditure should be reduced so as to cost not more than 9½ lakhs in all, but he has given no details of the scheme he has in view”.

Geological Survey—

“Our official colleague—Mr. Nixon—however, urges that on grounds of financial necessity it should be closed down altogether or for a term of years”.

Other Scientific Departments—

“Mr. Nixon, however, holds that this group of institutions should also be subjected to retrenchment in common with the other departments of Government”.

(3) With reference to the grant of the Council of Agricultural Research we recommended only a reduction by 2½ lakhs while the Finance Department reduced the grant by 5 lakhs. We consider that this action of the Government and not our proposals would “kill” one of the activities of the department of Education, Health and Lands.

(4) As regards our proposal to abolish the posts of Animal Husbandry and Agricultural Experts to the Council we consider this not only feasible but extremely desirable in pursuance of our recommendation that the Pusa institute should be placed under the control of the Imperial Council of Agricultural Research, for sufficient expert advice and help would be available to the Council from Pusa. This is what we said in this connection.

(5) *Imperial Council.*—“We see no reason to suggest any modification of the policy which led to the establishment of the Imperial Council for central research. We are also unanimously of opinion that Pusa and Muktesar should be placed under the control of the Imperial Council. We are further agreed that the services of the two Expert Advisers may be terminated. We observe that the two Central Research Institutes maintain all the necessary expert staffs and these can be utilised for such advice as Government might need. We therefore unanimously recommend the abolition of the two posts of Expert Advisers to the Imperial Council of Agricultural Research.”

(6) We could cite many other cases which would show that the attitude of the General Purposes Sub-Committee *vis-a-vis* that of the Finance Department towards grants for scientific research and educational purposes was exactly the reverse of what was represented by the spokesmen of the Government in the Assembly”.

(7) As regards the cost of the Committee to which Sir Fazl-i-Husain referred, we draw attention to Paragraph 11 of Chapter I which will show how wide of the truth is the observation of the Hon'ble Member.

CHAPTER II.

GRANT No. 31.—FOREIGN AND POLITICAL DEPARTMENT.

(1) *Functions*.—This department deals with :—

- (i) External politics ; (ii) Relations with foreign States beyond the limits of India ; (iii) Consular appointments ; (iv) Passports ; (v) Indians overseas in all territories under the A. mandate, in those administered by a foreign power under a B. or a C. mandate, in Egypt, and outside the Empire (except in Surinam) ; (vi) The control of relations with the frontier tribes and of the administration of Frontier Constabulary and Militia employed in connection with such tribes ; (vii) the control of the administration of the North-West Frontier Province, Baluchistan, Ajmer-Merwara and the Pargana of Manipur in British India, and of all places in Indian States administered by the Governor-General in Council, save in so far as relates to any particular class of business in any of the said territories or places which is allotted to another Department ; (viii) Extradition and extra-territoriality ; (ix) the political service ; (x) political prisoners ; (xi) political pensions ; (xii) relations with Indian States and feudatories within the limits of India ; (xiii) Indian States Forces ; (xiv) the Chiefs' Colleges ; (xv) the Indian Orders of the Star of India, Indian Empire and Crown of India and all British Orders ; (xvi) Indian titles ; and (xvii) ceremonials.

(2) *Organisation*.—The department is controlled directly by His Excellency the Governor-General and Viceroy. It has two Secretaries (one called Foreign and the other Political), two Deputy Secretaries, two Under Secretaries, two* Assistant Secretaries, one Attaché, two officers on special duty, twelve superintendents (including one temporary), 51 Assistants, 65 clerks, 6 stenographers, a caretaker and 95 servants.

(3) *Growth of expenditure and of staff*.—The following table illustrates the growth of expenditure.

	1913-14.	1922-23.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
Pay of officers	3.11	3.13	2.97	3.14	3.71	3.13	3.14	3.39
Pay of establishment	3.90	3.43	3.50	3.72	3.84	4.00	4.08	4.23
Allowances, etc.	1.16	.94	1.02	1.14	1.07	1.02	1.03	1.08
Postage, Telegraph and Telephone Charges	1.64	.70	1.18	1.30	1.47	1.53	1.97	2.70
Other Contingencies33	.31	.29	.30	.29	.34	.30
Grants-in-aid01	.01	.02	..	..
	7.17	9.81	8.53	8.98	9.60	10.40	9.99	10.56	11.70	11.74

* This description is based on the Estimates. Thus, one of the two special duty posts was latter converted into an Assistant Secretary's post ; all the same, only the normal number of such posts has been shown.

As regards the growth of staff, the following table gives the necessary information :—

	1913-14.	1922-23.	1924-25.	1929-30.	1931-32.
Superior administrative	8	9	8	10	11
Inferior administrative	9	9	9	10	12
Clerical (excludes temporary staff) ..	84	87	98	127	135
Servants	96	98	91	95	95

(4) *Inchcape proposals*.—That Committee recommended that the establishment should be reduced to the pre-war level and the provision for contingencies should be reduced by .50. Taking into consideration the departmental offer of reduction by .47 a budget of 8.95 was recommended. (The actuals of 1924-25 and 1925-26 compare favourably with this figure). The provision for 1931-32 shows a growth of a little under 40 per cent. over the actuals of 1924-25.

(5) *Departmental offer*.—The department's final offer consists of the following :—

Pay of officers .. ..	..	..	..	..	..	..66
Pay of establishments .. ..	..	..	..	..	..	..45
Allowances .. ..	..	..	..	..	..	..10
Postage and telegram charges ..	..	..	..	..	..	..18
Other Contingencies .. ..	..	..	..	..	..	..03
						<hr/> 1.42

The more important items which the department has offered to retrench are :—

- (i) discontinuance of the Aitchison's Treaties Branch and the Special Branch and the officer on special duty; (ii) abolition of the posts of Assistant Secretary and Attaché; (iii) abolition of the appointments of 14 Assistants, clerks and stenographers.

No reduction has been offered in the Central Cypher Bureau, which is a part of the Foreign and Political Department and the expenditure on which is included under this grant.

(6) *Our proposals*.—In part II of our Report we have laid down (Chapter I, paragraph 13, page 10) a general plan which we have proposed for all the secretariat departments. We recommend that that plan should be applied to this department also. We note from the oral evidence of its representatives that there is no clear demarcation between the foreign and political sides and we believe that the department is one compact whole and functions as such. We do not think, therefore, that there is any justification for allowing more than one Secretary. We recognise, however, that the position of this department is peculiar and even unique. We would, therefore, allow, in addition to the strength of officers laid down in our general plan, a Joint Secretary, an Additional Under-Secretary and an Attaché. Thus, the gazetted staff of the department would, on our plan, consist of a Secretary, a Joint Secretary, a Deputy Secretary, two Under-Secretaries and an Attaché. The 12 posts of superintendents should be replaced by one of a Registrar and senior assistants should be placed in charge of branches with an allowance of Rs. 50 each. The provisions for all new items in the current year's grant for the pay of establishments should be deleted.

Postage, Telegram and Telephone charges and other contingent expenditure should be reduced by 10 per cent.

(7) *Summary of savings*.—On our proposals there will be a total saving of 2·75 lakhs, distributed as follows :—

Pay of officers 2·12 ; Pay of Establishments ·32 ; Allowances, etc. ·10 ; Postage, telegram and telephone charges ·18 ; and Other contingencies ·03.

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CHAPTER III.

GRANT NO. 78.—NORTH-WEST FRONTIER PROVINCE.

(NOTE.—This chapter was drafted before the inauguration of this province as a Governor's province and has been based on the figures and the system and conditions of administration as given in the 1931-32 estimates. Since it was drafted, the Government of India have agreed to grant a subvention of one crore of rupees. We are conscious that it will now be the concern of the Local Government to see how far expenditure on "provincial" subjects can be reduced.)

(1) *Reasons for including North-West Frontier Province in our enquiry.*—Towards the end of the second Round Table Conference, it was announced by the Prime Minister that the five settled districts of the North-West Frontier Province would be constituted into a Governor's province at an early date. The enhanced status of the province will automatically involve the separation of "central" from "provincial" finance and it may be asked whether a retrenchment committee charged with a review of "central" expenditure can usefully enquire into expenditure which would before long be classified as provincial. The revenues of the North-West Frontier Province have never been sufficient to cover its expenditure and it has been proposed that the central Government should make a fixed annual subvention to the province to meet the deficiency. The Government of India are thus interested in narrowing the gap between revenue and expenditure in the North-West Frontier Province as far as practicable. We have therefore decided to review all expenditure in the North-West Frontier Province, whether central or provincial.

(2) *The North-West Frontier Province.*—The province is situated on the north-west frontier of the Indian Empire between approximately 31° and 37° north and 69° and 74° east. Its extreme length between these parallels is about 408 miles and its extreme breadth between these meridians is 279 miles. The approximate area of the entire province is a little under forty thousand square miles of which only one-third, comprising the five settled districts of Hazara, Peshawar, Kohat, Bannu and Dera Ismail Khan, is British Indian territory in the full sense. The rest is tribal area, in which political control is exercised by the Deputy Commissioners of the adjoining districts or by Political Agents (including the Resident in Waziristan) working under the general control of the Chief Commissioner of the province in his capacity as Agent to the Governor General.

The province falls into three main geographical divisions :—

- (i) the cis-Indus district of Hazara,
- (ii) the comparatively narrow strip between the Indus and the hills to the west of the Indus; this strip comprises the districts of Peshawar, Kohat, Bannu and Dera Ismail Khan, and
- (iii) the mountainous region on the north and west between those districts and the borders of Afghanistan.

The tribal area lies to the north and west of the settled districts and is divided into two unequal halves by the wedge constituting the Kurram valley agency. This wedge although essentially a part of the tribal area has, unlike the rest of the tribal area, been under some degree of direct administration by the officers of the Foreign and Political Department.

The population of the province according to the 1931 census is a little under $2\frac{1}{2}$ million in the five settled districts and a little over $2\frac{1}{4}$ million in the agencies and the tribal areas. The latter figure, however, is only an estimate.

The table in Appendix IV (pages 56-57) gives information under various heads about the population of the province.

The province contains only one city of importance, *viz.*, Peshawar with a population of 87,440 in the City and 34,426 in the Cantonment. Seven other towns have a population exceeding 10,000; five of these include large military cantonments. The province also has thirteen smaller towns and 1,230 villages, all of which contain over 500 inhabitants each. A further 1,600 villages have a population of less than 500.

(3) *Historical*.—The five settled districts became British-Indian territory by the proclamation of 29th March 1849, under which the territory under the control of the Lahore State up to the foot of the hills was annexed after the second Sikh War. In 1893 the political boundary between Afghanistan and India was fixed by the Durand Agreement, and the British Indian Government became responsible for the strip of tribal territory intervening between the Durand line and the administrative border of British India. The dealings of the British officials with the tribes on the Indian side of the boundary became more intimate than before. In the earlier days, there was no special agency for dealing with the tribal tracts and relations with the tribes were conducted by the Deputy Commissioners of the adjoining districts,—mostly through the medium of the Khans. In 1878, however, the system of political agencies was started with the appointment of a special officer for the Khyber. The Kurram which was taken from Afghanistan in 1879 was not made a separate agency until 1892 and the three agencies of Malakand, Tochi and Wana were created in 1895-96. Nearly half of the tribal area is under the control of the Deputy Commissioners of the adjoining districts.

From the time of the British annexation of the Punjab till 1901 the settled districts and the adjoining frontier tracts remained under the control of the Punjab Government. In consequence of the decision of His Majesty's Government, "that the conduct of external relations with the tribes on the frontier should be more directly than heretofore under the control and supervision of the Government of India", the entire area was taken under the immediate charge of the Government of India in 1901. This was done by constituting the settled districts and the adjoining tribal area into the North-West Frontier Province.

The North-West Frontier Province was not admitted to the benefits of the Reforms under the Government of India Act, 1919, and the last decade has witnessed an enormous growth of political consciousness. Among certain sections it took the form of a demand for re-amalgamation with the Punjab. A committee of enquiry under Mr. Bray's Chairmanship was appointed by Government in 1922. It found that the bulk of opinion was against re-amalgamation. Further, it recorded its opinion that in the existing conditions it was not merely inexpedient but for all practical purposes impossible to separate the administration of the five settled districts from the political control of the adjoining

unadministered tracts. On these grounds a majority of that Committee held that reamalgamation with the Punjab was out of the question.

(4) *Special features.*—The internal administration of the province is more or less on the lines of that obtaining in the other provinces of India, especially the Punjab. It is, however, alleged that the proximity of the tribal area inhabited by about 2½ million men belonging to one of the most warlike races in the world imposes special obligations on the administration. The defence problem on the North-West Frontier is also, in a special sense, of an all-India character. It is further stated by some authorities that owing to the special Pathan customs and social code and the ease with which arms can be obtained the administration of the area possesses a complexity which perhaps has no counterpart in any other portion of British India or the Indian Empire.

(5) *Expenditure and Revenue.*—The following tables show the Expenditure (Table A) and the Revenues (Table B) of the Province. An accurate classification into "central" and "provincial" is not possible without extensive adjustments. Nevertheless, the subjects known as "provincial" in a Governor's province have been shown separately from the subjects generally classified as "central". All expenditure relating to the province, whether it is shown in the "area" grant or elsewhere, has been included.

TABLE A.—EXPENDITURE.

		1924- 25.	1925- 26.	1926- 27.	1927- 28.	1928- 29.	1929- 30.	1930- 31.	1931- 32.
Land Revenue	..	6.44	7.30	7.27	6.23	5.82	4.60	3.72	3.45
Excise	..	.34	5.62	4.85	5.99	5.68	5.83	6.06	5.97
Stamps	..	.28	.38	.51	.30	.26	.28	.20	.21
Forests	..	5.89	5.47	6.41	9.49	8.53	8.40	8.33	9.03
Irrigation	..	24.36	22.29	23.33	23.34	26.14	25.60	27.36	22.64
Registration	..	.11	.12	.12	.13	.14	.14	.15	.15
General Administration	..	16.33	16.53	16.78	17.23	17.37	19.26	20.10	20.19
Administration of Justice	..	5.62	6.21	7.02	7.42	7.55	7.71	7.90	7.90
Jails and Convict Settlements	..	5.92	6.57	6.92	7.24	7.55	8.23	8.84	10.08
Police	..	27.02	27.38	27.32	27.42	28.36	29.46	35.19	31.85
Scientific Departments	..	.04	.06	.06	.05	.05	.06	.05	.05
Education	..	11.75	12.19	13.24	17.73	18.59	19.77	20.68	22.11
Medical	..	3.95	4.45	4.89	4.21	4.21	6.17	7.15	8.27
Public Health	..	1.72	.82	1.05	.85	1.02	1.05	1.16	1.29
Agriculture, etc.	..	1.28	1.47	1.50	1.56	1.53	1.93	2.35	2.84
Industries	..	..	..	..	..	.07	..	..	..
Miscellaneous Departments	..	.06	.03	.03	.02	.02	.02	..	..

TABLE A.—EXPENDITURE—*contd.*

	1924- 25.	1925- 26.	1926- 27.	1927- 28.	1928- 29.	1929- 30.	1930- 31.	1931- 32.
Civil Works (including Frontier Watch and Ward)* ..	50.98	52.91	49.90	56.21	70.99	88.18	102.46	77.25
Famine Relief ..	..	..	..	..	..	..	.25	..
Superannuation Allowance and Pensions ..	3.44	5.15	5.48	4.90	4.59	4.80	4.89	4.89
Stationery and Printing ..	1.05	.93	1.25	1.07	1.01	1.23	1.30	1.27
Miscellaneous Charges	.68	1.21	.75	.59	.71	.80	.79	.79
Total "Provincial" Subjects ..	167.26	177.09	178.68	191.98	210.19	233.51	258.96	230.16
Customs ..	.09	.13	.13	.14	.14	.14	.15	.15
Taxes on Income ..	.53	.57	.62	.71	.70	.73	.78	.79
Ecclesiastical ..	.96	.75	.89	.87	.88	.81	.89	.86
Political ..	22.11	21.55	22.55	22.65	23.86	24.38	32.31	27.16
Currency ..	.02	.05	.03	.03	.04	.03	.04	.05
Frontier Watch and Ward (Excluding Works) ..	92.69	98.90	97.67	94.96	93.84	95.11	101.40	95.85
Territorial and Political Pensions ..	.53	.50	.51	.47	.45	.53	.48	.46
Interest Net ..	-8.14	-8.36	-8.32	-8.34	-8.48	Not available.		
Total "Central" Subjects ..	108.79	114.09	114.08	11.49	111.43	121.73	136.05	125.32
GRAND TOTAL ..	276.05	291.18	292.76	303.47	321.62	355.23	395.01	355.48

*Works relating to F. W. W. included here because of the difficulty of sorting out the expenditure on them prior to 1927-28.

TABLE B.—REVENUES.

	1924- 25.	1925- 26.	1926- 27.	1927- 28.	1928- 29.	1929- 30.	1930- 31.	1931- 32.
Land Revenue ..	21.96	21.87	24.16	22.95	19.85	21.07	21.18	21.01
Excise ..	5.38	5.55	4.89	15.41	11.66	10.72	9.99	9.95
Stamps ..	12.14	11.89	11.30	11.29	11.52	10.91	9.89	9.89
Forest ..	6.70	7.44	7.91	7.57	8.29	8.64	9.61	10.00
Registration ..	.83	.85	.81	.77	.78	.76	.64	.69
Irrigation ..	16.43	17.51	21.11	11.54	15.71	9.45	8.13	13.07
Justice ..	2.83	2.39	2.38	2.59	2.27	1.92	1.65	1.65
Jails ..	1.10	1.13	1.13	1.23	1.19	1.36	1.37	1.39
Police ..	.24	.15	.31	.46	.55	.67	.65	.68
Education ..	.74	.37	.44	.50	.56	.64	.61	.63
Medical ..	.02	.01	.01	.01	.50	.37	.86	.77
Public Works ..	..	.01	.01	.03	.02	.02	.05	.05
Agriculture ..	.36	.35	.53	.14	.30	.32	.35	.35

TABLE B.—REVENUES—*contd.*

	1924- 25.	1925- 26.	1926- 27.	1927- 28.	1928- 29.	1929- 30.	1930- 31.	1931- 32.
Industries ..	...	..	..	..	..	..	..	..
Miscellaneous Departments ..	...	·01	·02	·01	·03	·02	·02	·02
Civil Works ..	·74	·54	·67	·74	·63	·45	·37	·55
Superannuation, Allowances and Pensions ..	·74	1·04	·74	·46	·36	·39	·38	·35
Stationery and Printing ..	·18	·33	·42	·15	·26	·62	·40	·29
Miscellaneous ..	4·89	3·85	4·28	3·93	4·69	6·37	5·08	5·59
Total "Provincial" Subjects ..	75·28	75·29	81·12	79·78	79·17	84·70	71·23	76·93
Customs ..	·01	·03	·02	·02	·01	·02	·01	·02
Taxes on Income ..	6·55	7·85	10·10	9·85	9·73	9·87	9·87	8·89
Opium ..	·72	·69	..	..	..	..	..	..
Interest ..	·49	·46	·76	1·23	·92	·77	·77	·93
Currency ..	·09	·09	·07	·07	·06	·07	·07	·07
Total "Central" Subjects ..	7·86	9·12	10·95	11·17	10·72	10·73	10·72	9·81
GRAND TOTAL ..	83·14	84·41	92·07	90·95	89·89	95·43	81·95	86·74

(6) *Analysis of expenditure and of its growth.*—The total 1931-32 grant for the province is 246·78 lakhs. This figure, however, does not include expenditure incurred in the North-West Frontier Province but included in other grants, e.g., Civil Works, Irrigation, Pensions, etc. The "area" grant of 246·78 lakhs may be analysed as below :—

(1) Expenditure on the collection of Land, Forest and other revenues ..	18·81
(2) General Administration ..	18·89
(3) Law and Order ..	172·84
Administration of Justice ..	7·90
Jails ..	10·08
Police ..	31·85
Political ..	27·16
Frontier Watch and Ward ..	95·85
(4) Ecclesiastical ..	·86
(5) Education ..	22·11
(5) Medical ..	8·27
(7) Public Health ..	1·29
(8) Agriculture, Veterinary, Co-operative Credit, Museum; Provincial Statistics and Miscellaneous Departments.	2·92
(9) Miscellaneous ..	·79

246·78

The reasons for the growth of expenditure will, as far as practicable, be explained as part of our proposals, under the account heads concerned. We may, however, give a broad outline of the more important ones here. After

NOTE.—Political expenditure has been shown under "Law and Order", because in fact it represents expenditure on the maintenance of "Law and Order" in the tribal territory; it is not our intention to suggest that it should all be classified as "provincial" for purposes of the reformed constitution.

explaining that the net increase of expenditure on what may be termed "provincial" subjects during the six years ending with 1929-30 was about 60 lakhs Mr. Jukes said :—

- " (a) Expenditure of 5.52 under Forests and Irrigation is expected to prove remunerative.
- (b) 35.52 under Civil Works is largely due to the requirements of the defence of the north-west frontier of India, which is properly classed as a central subject.
- (c) A further sum of about 5.50 is purely non-recurrent expenditure.
- (d) The balance of about 11.50 is due, in the main, to general growth of work under General Administration, Administration of Justice, Jails and Police, to the requirements of the five-year programme of educational expansion and to the development of Veterinary and Co-operative services."

As regards "central" subjects, he observed that the growth of expenditure was almost entirely confined to "political" and "frontier defence".

He further remarked that during this period the real increase in the revenues of the province including revenues of a "central" character was only two lakhs. Considering that "central" revenues alone rose by 2.15 lakhs it may be said that provincial revenues remained almost stationary except that under irrigation and forests there was a growth of 7.43 lakhs, which, however, was merely the normal result of additional productive capital outlay. To sum up, expenditure grew in these six years by nearly 67 lakhs of rupees, but revenues rose *really* by only 2 (though *nominally* by 14½) lakhs.

Taking into consideration the expenditure on frontier watch and ward and on the buildings and communications in connection therewith the North-West Frontier Province is now a "deficit" province to the extent of 268.74 lakhs. Even if the "provincial" figures of revenue and expenditure are considered, the excess of expenditure over revenue is 115.22 lakhs. This calculation, however, assumes that the entire existing expenditure on General Administration, Police, Civil Works, Pensions, Stationery and printing and Miscellaneous, "provincial". Such an assumption would not be correct, but we cannot sort out these charges into "central" and "provincial".

(7) *Inchcape Proposals*.—"The Inchcape Committee observed that expenditure on the North-West Frontier Province had grown from 122.41 in 1913-14 to 277.21 in 1922-23, while the revenue had grown from 47.53 to only 73.40 and remarked as below :—

"The great increase in the case of this administration has attracted much attention in the Legislature and elsewhere and a local Retrenchment Committee was appointed to consider the possibilities of effecting economies. Of the total increase of 154.80 no less than 135.22 has occurred under the following four heads :—

	1913-14.	1922-23.
Political	Rs. 31,60,000	Rs. 1,18,51,000
Police	17,05,000	47,78,000
General Administration	5,93,000	17,38,000
Education	4,88,000	11,05,000
Total	59,46,000	1,94,72,000

The increase under Political and Police is mainly due to special measures adopted for the defence of the North-West Frontier."

We may observe that expenditure under "Political" which then included Frontier Watch and Ward has since 1922-23 grown from 118·51 to 133·71 in 1930-31. Expenditure on General Administration has also grown from 5·93 in 1913-14 and 17·38 in 1922-23 to 18·89 in 1931-32. These two heads show how expenditure in this province has been growing apace since 1913-14.

The following table shows the expenditure in 1913-14, 1922-23, 1924-25 and 1931-32 as also the savings proposed by the Inchcape Committee under each head of account:—

	1913-14.	Budget 1922-23.	1924-25.	Savings proposed by the Inchcape Committee.	Budget 1931-32.
Land Revenue	4·97	5·26	6·44	1·68	3·45
Forests	1·31	7·50	5·89	<i>Nil.</i>	9·03
Irrigation	7·04	10·27	24·36	<i>Nil.</i>	22·54
General Administration ..	5·93	17·38	16·33	<i>Nil.</i>	20·19
Administration of Justice	4·70	4·58	5·62	·30	7·90
Jails	2·10	5·58	5·92	·25	10·08
Police	17·05	47·78	27·02	·19	31·85
Political and F. W. W. ..	31·60	118·51	114·80	26·27	123·01
Education	4·88	11·05	11·75	1·66	22·11
Civil Works	34·83	32·05	50·98	<i>Nil.</i>	77·25
Other heads of account ..	8·00	17·25	6·94	5·67	28·07
	1,22·41	2,77·21	2,76·05	36·02	3,55·48

(8) *Departmental proposals.*—The Department originally surrendered 7·59 lakhs from the total sanctioned grant of 246·78 lakhs (1931-32) for the North-West Frontier Province, and at the same time offered to scrutinise the feasibility of further retrenchment. The cuts made were mostly of a temporary nature.

Subsequently the following savings were informally offered. In certain cases the offers were revised in the course of the oral evidence. We show below the offers (original and revised).

	First offer.	Second offer.
Land Revenue		·10
Forests		·93
Excise, Stamps and Registration		·22
General Administration ..	3·92	1·02
Ecclesiastical		·07
Political		1·24
Medical		·25
Public Health		·17
Agriculture, etc.		·13
Miscellaneous		·04
Administration of Justice ..	·70	·68
Jails	1·90	1·02
Police	2·34	2·11
Frontier Watch and Ward ..	3·64	3·04
Education		2·37
	12·50	13·39

We shall take account of these in our own proposals. Here we shall only remark that the second offer falls appreciably below the first in respect of subjects like "Jails", "Police", "Frontier Watch and Ward", etc.

(9) *Our proposals*.—We may now proceed to make our proposals under each head of account. We shall as far as possible take note of the recommendations of the Inchcape Committee, Mr. Jukes' Review and the departmental proposals and then make our own recommendations in the light of the information in our possession.

(i) *Account I.—Land Revenue.*

The total provision for 1931-32 for the collection of land revenue is 3.45 lakhs, viz.—

Charges of administration	..	..	..	..	..	..	..	225
Survey and settlement	..	..	..	..	..	..	..	020
Land Records	..	..	..	..	..	..	..	2.925
Miscellaneous	..	..	..	..	..	..	..	280

The Department has explained that in a province where men are prone to settle disputes relating to land by violence in preference to legal processes, the maintenance of as accurate land records as possible is of unusual importance. Before the Inchcape Committee reported, the province had 991 patwaris and kanungoes. The number was, however, reduced after that committee reported to 840 in 1924-25. An appreciable deterioration in the maintenance of land records was noticed; hence in 1930-31 the number was again raised to 898. The provision in 1931-32 for this establishment is 2.57 lakhs.

In the course of its oral evidence the Department has offered a saving of Rs. 10,000. *Prima facie*, the number of patwaris and kanungoes can be substantially reduced and other economies can be effected. The possibility of reducing the expenditure by .30 lakhs should be considered.

(ii) *Account II.—Forests.*

The province possesses valuable forest areas which supply the need not only of the civil population but also of various cantonments lying all over the province. The following table shows the Expenditure, Revenue and Surplus not only in recent years but also in certain years preceding the war period:—

	1913-14.	1922-23.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
Revenue ..	2.67	7.28	6.70	7.44	7.91	7.57	8.29	8.64	9.61	10.00
Expenditure	1.31	6.12	5.89	5.47	6.40	9.50	8.53	8.32	8.33	9.03
Surplus (+)	+1.36	+1.16	+.81	+1.57	+1.51	—1.93	— .24	+ .32	+1.28	+ .97
Deficit (—).										
	1880-81 to 1889-90 (average).		1890-91 to 1899-1900 (average).		1900-01.		1903-04.			
Revenue ..	..	..	78	..	..	..	89	..	83	..
Expenditure	..	..	60	..	..	..	53	..	52	..
Surplus ..	..	..	+ .18	..	..	..	+ .36	..	+ .31	..

It will be seen that while expenditure has been growing almost steadily, the ratio of surplus to expenditure has, broadly speaking, been declining. The bulk of the expenditure, viz., 6·47 out of 9·03 lakhs is for conservancy and works. The noticeable reasons for the growth of expenditure since 1924-25 are :—

- (i) The introduction of several revised working plans and more extensive timber extraction and resin and fuel operations.
- (ii) Conversion of a post of Deputy Conservator into that of a Conservator and the creation of an additional Indian Forest Service post in connection with the formation of a new forest division at Peshawar.
- (iii) The introduction of incremental scales of pay.
- (iv) Grant of special pay of Rs. 50 per mensem to Extra Assistant Conservators.
- (v) Appointment of additional staff and grant of increased compensatory allowances and other concessions to the office staff of the Deputy Conservator of Forests.
- (vi) Certain changes of accounting, whereby provision is being made for *Interest and Capital Outlay charged to Revenue*, have also brought about some nominal increase in expenditure.

Mr. Jukes referred to the tendency to overestimate revenue and gave the estimates of 1929-30 and 1930-31 as instances of such a tendency.

In reply to our questionnaire enquiring whether the forests in the North-West Frontier Province can be regarded as self-supporting, when pensionary charges and other items of real expenditure are taken into account, the Department informed us that taking pensionary charges into account the Hazara forests by themselves were self-supporting and that it was hoped that the Peshawar Division would also become self-supporting aftersome time. It also replied that the rates charged to the army department for forest produce, especially fuel and timber, "are reported to be fair market rates". In view of the small margin between revenue and expenditure we enquired whether capital expenditure could not be suspended for a term of years. The department replied that in the existing circumstances revenue could be increased only if the condition of the market improved, and that all proposed developments were expected to bring revenue in course of time and Government were likely to be faced with heavy expenditure in future if the measure now contemplated for the prevention of further denudation and increased floods were not continued. Originally a saving of ·88 lakh was offered by the department for 1931-32 but it is not known what portion of this amount was intended to be permanent reduction of expenditure.

In the course of its oral evidence, the department has offered to effect savings of ·93 lakhs.

As regards staff, a Deputy Conservator on Rs. 950 per mensem has been replaced by a junior Indian Forest Service officer on Rs. 425 per mensem and the posts of three Rangers, three Deputy Rangers, four Guards and five

temporary clerks have been left unfilled. Beyond this the Department considers it impossible to go without seriously affecting the efficiency of management, adding that "establishment expenditure in the North-West Frontier Province actually compares very favourably with that in other provinces".

Our proposals.—We notice that revenue has not increased commensurately with the growth of expenditure and we are not sure that taking all items of real expenditure into account forest operations do not involve actual loss to Government. We consider that the department's offer to save .93 is inadequate. In times of financial stress like the present, forest schemes involving capital outlay, whether financed from revenues or otherwise, should be slowed down.

We suggest that the provision should be reduced by two lakhs. We realise that the reduction of expenditure as suggested by us will be accompanied by a reduction of receipts, but we expect the administration to give effect to the cut proposed by us in such a way as to cause the minimum diminution of revenue. The expenditure should be overhauled after a thorough scrutiny so as to make the forests of the province not only self-supporting but also a source of real revenue.

(iii) *Account III.—Other Direct Demands on the Revenue.*

The total provision under this head is 6.33 and is made up of 5.97 for Excise, .21 for Stamps and .15 for Registration.

In pursuance of the accepted policy, viz., that "duty should follow consumption" the North-West Frontier Province now receives as revenue the duty on liquor consumed in the province, but pays to the Punjab and the United Provinces compensations aggregating 4.47 lakhs for the loss of revenue (in the form of still-head duty) which is said to have been taken into calculation at the time of the Meston Settlement. The actual calculation is stated to have been based on the receipts during the three years prior to 1921. Of the remaining 1.50 lakhs, .48 represents the cost of opium supplied to the Excise Department of the North-West Frontier Province, while .15 is provided for the payment of compensations. Thus, our proposals for retrenchment can only apply to the remaining .87 lakhs in respect of Excise, .21 in respect of Stamps and .15 in respect of Registration, i.e., to 1.23 lakhs in all.

The Department has offered a saving of .22, i.e., of nearly 18 per cent. of the provision amenable to retrenchment. We consider the offer satisfactory and recommend its acceptance.

(iv) *Account IV.—Irrigation.*

There is no provision in the "area" grant for 1931-32 under this head. The Public Works and Audit and Accounts Departments Sub-Committee has already reviewed this expenditure.

(v) *Account V.—General Administration.*

The province has at its head a Chief Commissioner under the direct control of the Government of India. On him devolve the ordinary administrative functions of a Local Government in respect of the five settled and administered districts. In respect of the tribal area he is also Agent to the Governor-General.

Growth of Expenditure.—The expenditure under this head has fluctuated below :—

	1913-14.	1922-23.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1931-32.
—Chief Commissioner	1.25	1.80	1.60	1.51	1.51	1.48	1.80	1.63
—Secretariat	2.13	1.74	1.95	1.97	2.08	2.02	2.14	2.04
—Local Fund Audit06	.05	.06	.07	.07	.12	.11
—Revenue Commissioner	1.32	1.30	1.50	1.59	1.55	1.56	1.70	1.67
—Development Commissioner60
—District Establishments	13.26	11.43	11.36	11.65	11.91	12.16	12.38	12.73
—Miscellaneous Discretionary grants.06	..	.07	.07	.09	.10
	*10.53	17.96	16.33	16.52	16.78	17.22	17.36	18.23	18.88

*Approximate.

A. We observe that the pay attached to the Chief Commissioner's post was raised with effect from 31st August 1927 from Rs. 4,000 to Rs. 5,500. His sumptuary allowance was, however, reduced from Rs. 12,000 to Rs. 6,000 per annum. He gets a fixed travelling allowance of Rs. 3,000 per annum. There has been no change in recent years in the personal staff of the Chief Commissioner consisting of a Personal Assistant on the scale applicable to the Political Department, an Indian Assistant (Rs. 300—850), who is borne on the cadre of Extra Assistant Commissioner, two clerks and 21 servants.

B. As regards his secretariat, the staff and expenditure have varied as shown below :—

Expenditure.			1922-23.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
Pay of officers	..	..	.63	.52	.55	.53	.58	.56	.55	.49	.53
Pay of establishment	..	..	.78	.71	.79	.83	.92	.87	.91	.99	1.02
Allowances	..	..	.22	.09	.11	.16	.17	.14	.19	.13	.12
Supplies and Services	..	}	.50	.42	.50	.44	.41	.44	.49	.92	.36
Contingencies	..										
Grants-in-aid	..	..	..	..	..	.01	..	.01	..	..	.01
			2.13	1.74	1.95	1.97	2.08	2.02	2.14	2.53	2.04
Numbers.											
Officers	..	..	..	..	3	4	4	4	4	4	4
Clerical	..	..	..	..	32	38	46	46	46	46	46
Inferior	..	..	..	..	28	32	33	33	33	33	33

The Secretariat consists of two Secretaries on the Foreign and Political Department scale of pay, one Assistant Secretary (Rs. 500—850), a Mir Munshi (Rs. 300—850), 43 ministerial and 33 servants.

C. *Local Fund Audit.*—The expenditure varies with the receipts and expenditure of the local funds concerned and, so far as we can ascertain, is

D. *Revenue Commissioner*.—The staff and expenditure of the Revenue Commissioner and his office have varied as shown below :

			1922- 23.	1924- 25.	1925- 26.	1926- 27.	1927- 28.	1928- 29.	1929- 30.	1930- 31.	1931- 32.
Pay of officers	..	..	·36	·42	·52	·52	·55	·50	·64	·53	·53
Pay of establishment	..	..	·67	·60	·62	·69	·71	·73	·73	·77	·80
Other charges	..	..	·29	·28	·36	·38	·32	·33	·33	·36	·34
Total	..	..	1·32	1·30	1·50	1·59	1·58	1·56	1·70	1·66	1·67
Officers	..	..	..	..	2	3	3	3	3	3	3
Clerical	..	..	..	..	32	41	40	40	41	41	41
Inferior	..	..	..	..	28	28	28	28	28	28	28

The principal reasons for the growth of expenditure are :—

- (i) Conversion of a post of Registrar into that of an Assistant Secretary.
- (ii) Revision of the pay of the staff in 1925-26.
- (iii) Addition to the clerical establishment.

E. *Development Commissioner*.—The 1931-32 budget contains a new provision of Rs. 60,000, viz., Rs. 36,000 for the pay of the Development Commissioner and Rs. 24,000 for his staff. In the course of its oral evidence, the Foreign and Political Department stated that this post would not be continued, but we hold that the new constitution for the province will undoubtedly involve the creation of certain high posts.

F. *District Establishment*.—The strength of the staff and the expenditure on the District Establishment have varied as shown in the following two tables :—

			1922- 23.	1924- 25.	1925- 26.	1926- 27.	1927- 28.	1928- 29.	1929- 30.	1930- 31.	1931- 32.
Pay of officers	..	..	4·19	3·88	3·64	3·57	3·63	3·64	3·73	3·94	3·96
Pay of General Establishment			2·15	2·14	2·14	2·13	2·14	2·26	2·33	2·42	2·51
Pay of Treasury Establishment			·41	·42	·46	·45	·48	·47	·45	·49	·49
Pay of Sub-Divisional Establishment.			1·75	1·49	1·62	1·67	1·71	1·63	1·70	1·74	1·71
Pay of other establishments	..	..	·21	·27	·58	·30	·37	·41	·41	·42	·41
Travelling allowances	..	{	1·82	·96	·83	·84	1·12	1·15	1·07	1·06	1·06
Other allowances	..	{	..	..	·21	·80	·64	·76	·83	·84	·86
Supplies and Services	..	..	..	·03	·04	·04	·03	·01	·01	·02	·01
Contract Contingencies	..	{	2·72	2·24	1·33	1·34	1·32	1·26	1·26	1·34	1·19
Other Contingencies	..	..	..	..	·50	·53	·47	·55	·59	·54	·52
Grants-in-aid	..	..	..	..	..	..	·02	..	..	·01	·01
			13·25	11·43	11·35	11·67	11·91	12·16	12·38	12·82	12·75

Numbers.

Officers	..	..	..	..	..	37	39	..	40	40
General Establishment	..	..	..	..	..	364	358	..	367	370
Treasury Establishment	..	..	..	..	..	36	40	..	35	39
Sub-Divisional Establishment	..	..	..	..	..	426	422	..	429	424

Apart from the accrual of annual increments, the main reasons for the growth of expenditure between 1924-25 and 1929-30 were :—

- (i) The appointment of an Extra Assistant Commissioner with his staff in 1925-26 for the disposal of judicial work formerly dealt with by the Cantonment Magistrate of Peshawar.
- (ii) Revision of pay in 1925-26.
- (iii) Addition to the sub-divisional establishments in 1927-28 and to other establishments in various years.

G. Miscellaneous Discretionary Grants.—Expenditure under this head is of a fluctuating nature.

Departmental Offer.—The Department originally offered a saving of Rs. 57,700, but in the course of its oral evidence it offered to raise the figure to 1.02 lakhs.

Our Proposals.—We recognise that the constitution of the North-West Frontier Province into a Governor's province will cost more than at present. So far as we can gather, the new constitution provides for the following new posts :—

- (i) an Executive Councillor,
- (ii) a Minister, and
- (iii) a Secretary to the Local Government in the Transferred Departments.

We can make our proposals only on the basis of the present scale of expenditure. We are content to accept the Departmental offer of 1.02 lakhs, provided the savings offered are genuinely permanent. We consider that it should not be difficult to effect economy and may proceed to mention a few concrete cases illustrating the manner in which it can be brought about—

- (a) But for the fact that the status of the province is going to be raised, we might have suggested a revision of the pay, allowances and other emoluments of the head of the province.
- (b) We recommend that the provision for tour expenses (Rs. 35,500 in 1931-32) should be substantially curtailed, the Chief Commissioner voluntarily curtailing certain of his privileges.
- (c) We think it should be feasible to amalgamate the post of Mir Munshi in the secretariat with that of the Indian Assistant or Registrar.
- (d) One of the two posts of Assistant Secretary and Personal Assistant to the Revenue Commissioner might be abolished, unless the nature of work in connection with the inauguration of the new constitution requires the retention of both posts. The number of Deputy, Assistant and Extra Assistant Commissioner's posts might be reduced. We see no justification for the increase from 16 to 18 in the number of Deputy and Assistant Commissioner's posts in 1925-26. At the same time we note that the number of subordinate gazetted officers remains the same. Apart from

savings on pay the reduction in the strength will yield certain "consequential" savings under "establishment", "allowances" and "contingencies".

• (vi) *Account VI.—Administration of Justice.*

The table below shows the progress of expenditure:—

	1924- 25.	1925- 26.	1926- 27.	1927- 28.	1928- 29.	1929- 30.	1930- 31.	1931- 32.
Law Officers
Judicial Commissioner
Civil and Sessions Courts
Criminal Courts
	5.61	6.21	7.01	7.42	7.55	7.70	7.90	7.90

The principal reasons for this growth were:— (i) The appointment of an Additional Judicial Commissioner with the necessary staff with effect from 1st April 1926 in accordance with the recommendation of the Bray Committee that the principal court of this province should have not one but two judges. (ii) The province used to have two District Judges but a third post was made permanent before 1924. A fourth judge has had to be appointed from time to time to clear off the arrears. (iii) Increments, revisions of pay and increase of staff. The following table shows the total number of cases, civil and criminal, disposed of in the various courts of the province. The number of judges available has also been shown side by side with the number of cases:—

Court.	No. of Judges.			Cases disposed of.		
	1913.	1924.	1930.	1913.	1924.	1930.
Judicial Commissioner	1	1	2	750	1,234	1,248
District Courts	2½*	3	3½*	1,644	2,371	2,741
Senior Subordinate Judges	4	5	5	1,547	2,127	2,704
Judicial Extra Assistant Commissioners .. ..	..	4½*	4	..	2,812	3,263

* This denotes that an additional officer was employed to cope with the arrears, etc., for a part of the year in question.

Departmental Proposals.—In the course of its oral evidence, the Department offered a saving of .68 lakh. We, however, consider that in this province nothing should be done to hamper the development of a proper modern judicial system and in fact every attempt should be made to inspire the population of this province with respect for the judiciary so that disputes could be settled not by the arbitrament of the rifle but by a trained and dependable judiciary. We therefore propose that the Department should not be pressed to offer any further saving, and recommend that its offer of .68 lakh be accepted. We are not sure that this sum covers the temporary post of Additional Judge at Peshawar, but we record our opinion that it seems unnecessary to retain him. If at a later stage pressure of work justifies the revival of the post, it might then be revived.

(vii) *Account VII.—Jails.*

Even during the past eight years the expenditure on Jails and Convict Settlements shows an enormous rise, viz., from 5.93 in 1924-25 to 10.08—the

get provision for 1931-32. It will also be noticed from the following table that the growth of expenditure has been going on uninterruptedly from year year :—

	1924- 25.	1925- 26.	1926- 27.	1927- 28.	1928- 29.	1929- 30.	1930- 31.	1931- 32.
of officers	·24	·23	·24	·26	·28	·28	·31	·32
of establishments	1·32	1·40	1·47	1·53	1·73	1·81	1·99	1·99
ances, etc.	·04	·06	·05	·05	·08	·10	·10	·09
tary Charges	1·49	2·24	2·26	2·60	2·48	2·86	3·00	2·71
er Supplies	1·26	1·13	1·48	1·51	1·67	1·88	2·16	1·82
tingencies	·18	·20	·27	·26	·21	·21	·23	·22
provision for establishment and the charges for the Haripur Jail.	..	..	..	..	..	..	..	1·98
arges paid to other Governments, etc.	·74	·79	·59	·42	·29	·22	·15	·12
net cost of convict labour supplied to Jail Press.	..	..	—·05	—·14	—·14	—·14	—·14	—·14
Manufactures	·65	·52	·61	·75	·95	1·02	1·04	·97
	5·92	6·57	6·92	7·24	7·55	8·24	8·84	10·08

Mr. Jukes remarked that the growth of expenditure may be generally ascribed to the growth of the jail population, as much as 1·69 lakhs being added to increased outlay on dieting and on supplies and services. Additional posts were sanctioned in 1925-26, 1927-28 and 1928-29 with the result that the establishment which was 330 in 1926-27 now numbers 430. A whole time post of Superintendent was created in 1928-29 for the Peshawar Jail, while two posts of Jailors were converted into those of Superintendents. A new provision of 1·98 lakhs has been made in the 1931-32 budget for the opening of the new central Jail at Haripur which has been constructed at a cost of 22·43 lakhs.

Departmental offer.—In the course of its oral evidence, the Department offered a saving of 1·02 lakhs. We do not know how much out of this amount represents a permanent saving.

Our proposals.—We consider the departmental offer inadequate. We would say that neither the growth of the jail population nor the construction of a new central jail afford a favourable comment on the administration of the province. Having regard to the creation of the new province we trust that with the development of new activities it may be possible to effect larger economies in the expenditure on jails. We recommend that the jail budget should be reduced to approximately the level of the budget provision for 1929-30. This will yield a saving of two lakhs. We must, however, make it clear that we recommend no reduction whatever in the scales (qualitative and quantitative) of dieting, clothing and other facilities, amenities or concessions available to prisoners confined in the jails of this province with its trying extremes of climate. To the extent that a fall in prices enables any reduction to be made in the provision for jails, we have of course no objection to such reduction.

(viii) Account VIII.—Police.

Expenditure has grown as shown below :—

	1924- 25.	1925- 26.	1926- 27.	1927- 28.	1928- 29.	1929- 30.	1930- 31.	1931- 32.
Superintendence	1.00	.95	1.03	1.07	1.09	1.16	1.34	1.18
District Executive Police ..	23.50	24.13	24.34	24.07	24.70	25.96	31.82	28.20
Railway Police .. ..	.96	.99	.93	1.01	1.26	1.02	1.06	1.06
Police Training School Establishment charges paid to other Governments, etc.	.38	.11	.10	.10	.11	.10	.15	.10
Criminal Investigation Department ..	1.15	1.13	.88	1.11	1.15	1.18	1.58	1.26
Cattle Pounds .. ..	.03	.02	.03	.03	.03	.03	.03	.03
Miscellaneous .. ..	.02	.02	.02	.02	.01	.02	.02	.02
Deduct Probable savings .. ..	..	..	..	..	..	..	—89	..
Total ..	27.04	27.35	27.33	27.41	28.36	29.47	35.20	31.85

During the period 1924-25 to 1931-32 police expenditure has grown from 27.04 to 31.85, i.e., by a little under 5 lakhs. The peak was reached in 1930-31. As regards the strength of the police force, including the mounted police, we observe that the "Detailed Estimates" of the N. W. F. P. do not, unlike those of Delhi give any numbers; we are therefore unable to ascertain whether and to what extent the police force has grown.

Analysing the causes of the growth of expenditure Mr. Jukes observed that between 1924-25 and 1929-30 an expansion of the police force costing an additional 1.10 lakhs (approximate) had taken place. In 1924-25 two new posts of a Superintendent and an Assistant Superintendent were created. In 1926-27 the post of Prosecuting Inspector was converted into that of a Deputy Superintendent. Increases in the police force were sanctioned in 1925-26 and 1927-28 for Dera Ismail Khan and Bannu respectively. The budget for 1931-32 includes a provision of 1.45 for the employment of temporary additional police in connection with the disturbances on the frontier and for the protection of railways and of .67 for the replacement of arms and ammunition. The pay and allowances were also revised in 1929-30, on the lines followed in the Punjab.

Departmental offer and our proposals.—In the course of its oral evidence the Department offered a saving of 2.11 lakhs but we do not know what portion of this offer represents a permanent reduction of expenditure. Even after making allowance for the peculiar conditions prevailing in this province, we consider that a provision of 31.85 lakhs for the purpose of policing a province of this size is considerably in excess of its requirements. We notice that the revised estimates for 1931-32 exceed this figure by as much as 2.05 lakhs. The growth of police expenditure at this rate in a period of falling prices fills us with a feeling of uneasiness; under its reformed constitution the province will find such

expenditure a heavy drain on its resources. We recognise that the ordinary frontier police in this province has to be better armed and equipped and has to work in effective co-operation with the Frontier Constabulary and certain other "civil forces" which are maintained for the defence of the border and to deal with trans-frontier crime. Even then we consider that the expenditure should be substantially curtailed. We propose a normal provision of Rs. 22 lakhs on the current year's basis. We may add that our proposal will still leave the province a police grant which is only about Rs. 40,000 less than the actuals of 1927-28 and only about a quarter of a lakh less than the average (*viz.* Rs. 48 lakhs) of the four years 1924-25 to 1927-28. "Police" will soon become a provincial subject and notwithstanding the Government of India's statutory right of "superintendence, direction and control" in respect of "reserved" subjects the province will enjoy a larger measure of independence as regards police arrangements, than it does at present. We therefore do not consider it necessary to work out the details of the reduction proposed by us.

(ix) *Account IX.—Ecclesiastical.*

We have already dealt with this non-voted expenditure in Part II of our report. We have there taken into account the savings accruing from our recommendations. (*Vide* para. 15 of Chapter I and Chapter XX).

(x) *Accounts X and XI.—Political and Frontier Watch and Ward.*

In this province and in Baluchistan it is not easy to separate the expenditure on "Political" and on "Frontier Watch and Ward"; the functions of the Political Agencies include the policing and administration of the frontier (in the N. W. F. P. only the Kurram valley is administered) and co-operation in its defence. The maintenance of friendly relations with the tribes and ordinary administration have a special bearing on the defence of India on the N. W. frontier as an army problem. Political and defence problems being so intimately interwoven, it is, we consider, better to deal with them together. As a matter of fact, expenditure on both used, until 1926-27, to be shown in one place under the account head "Political" and it was only with effect from 1927-28 that a separate head called "Frontier Watch and Ward" was opened. The expenditure has varied as shown below:—

	1924-25.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
Political	{	1,14-14	1,19-58	22-65	23-87	24-38	32-31
Frontier Watch and Ward..				94-96	93-84	95-11	1,01-40
				95-85			
	<hr/>						
	1,14-14	1,19-58	1,17-61	1,17-71	1,19-49	1,33-71	1,23-01
	<hr/>						

Political.

Political expenditure.—This has during the last five years grown from Rs. 22-65 (actuals for 1927-28) to Rs. 27-16 (1931-32). In fact, the revised estimate for 1930-31 was Rs. 32-31 and it is unlikely that with political disturbance prevailing

1930-31. The following table shows the growth of Political expenditure under various heads :—

		1924-25.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32
A. Political Agents	..	..	7.91	6.77	7.68	7.57	10.93	17.2
B. Educational Establishments in the Agencies.	..	..	..	..	..	..	1.29	1.30
C. Medical	..	..	..	1.23	1.35	1.43	1.63	2.03
D. Allowances to tribes	..	..	7.91	8.47	8.12	8.29	8.28	8.26
E. Political subsidies	..	22.11	.12	.12	.42	.42	.42	.42
F. Entertainment charges	..	..	3.25	3.17	3.43	3.86	5.70	3.75
G. Refugees and State Prisoners.	..	..	.06	.09	.08	.09	.07	.07
H-1-3. Miscellaneous	..	..	3.31	2.80	2.79	2.72	3.40	3.19
H-4. Forest Conservancy in the Agencies.	..	..	..	..	..	..	.45	.83
H-5. Educational Establishments in tribal areas.	..	..	..	..	..	..	.14	.10
Total	..	22.11	22.66	22.65	23.87	24.38	32.31	27.16

The expenditure may be explained under each head.

A. *Political Agents*.—There are, at present, five Political Agencies, each in charge of a Political Agent, viz. (i) Malakand Agency which includes Chitral and Dir and Swat, (ii) Khyber, (iii) Kurram, (iv) North Waziristan and (v) South Waziristan. For Waziristan as a whole there is also a Resident (on a pay of Rs. 3,000). The Political Agents get pay on the Political Department scale. These agencies control the major portion of the tribal area, the remainder being under the political control of the Deputy Commissioners of the adjoining settled districts. We have already remarked that the only part of the tribal territory where there is any substantial attempt at administration is in the Kurram and Tochi Valleys. Apart from this semi-administered area which acts as a wedge between Waziristan and the tribal area inhabited by Mahsuds, Mohmands, Afridis and other tribes, there has been no attempt to occupy and administer any portion of tribal territory except Wana in South Waziristan and the Sherani country. Till the third Afghan War the accepted policy was to pay the tribesmen to protect their own country and also not to molest the Indian border. The experience of that war, however, led to the evolution in Waziristan of the policy of "peaceful penetration" of the tribal territory, the object in view being to "civilise" the tribes by providing avenues of useful employment and in other ways improving their economic condition. We are not satisfied that this policy has yet been carried out to an adequate extent, but we have no doubt that it holds a greater promise of abiding results than the policy of forcible occupation of the tribal area.

The following table shows the expenditure during the last five years on the various sub-heads under Political Agents :—

			1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
Pay of officers	..	..	2.21	2.03	2.26	2.20	2.44	2.17
Pay of Establishment	..	..	2.16	2.03	2.23	2.14	1.92	2.01
Allowances, etc.	..	..	.99	1.02	1.13	1.14	1.10	.94
Supplies and Services	..	..	.48	.42	.42	.52	2.42	.48
Secret Expenses	..	..	.21	.20	.23	.24	.31	.22
Contingencies	..	..	1.58	1.04	1.39	1.30	1.66	1.28
Grants-in-aid	..	..	.07	.02	.02	.02	1.08	.02
Works	..	..	.21	.02	..	..	..	.09
Total	..	..	7.91	6.78	7.68	7.56	10.93	7.21

We are not sure that in view of the disturbed conditions that have prevailed since April 1930 the actuals of 1931-32 will not materially exceed the earlier expectations. We may draw attention to certain sub-heads, the 1930-31 estimates for which showed appreciable rise compared with expenditure in the preceding years, viz., supplies and services, secret expenses, contingencies, grants-in-aid and works. These are the type of sub-heads under which in disturbed times expenditure is likely to go up much more than in the case of others.

B. *Educational Establishments in the Agencies (1.30)* ; H.-4—*Forest conservancy in the Agencies (.83)* ; H.-5—*Educational establishments in the tribal areas (.10)*.—These call for little comment. The provision of facilities for education and expenditure on the conservation of forests are, and should be, treated as essential parts of the accepted policy of peaceful penetration.

C. *Medical Establishments*.—The following table shows the growth of expenditure since 1927-28 :—

			1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
Pay of officers	..	..	.33	.43	.45	.42	.44
Pay of Establishments	..	..	.36	.35	.37	.42	.43
Allowances, etc.	..	..	.08	.08	.09	.12	.09
Grants-in-aid	..	..	..	..	..	.01	.01
Supplies and Services	..	..	.26	.24	.30	.35	.35
Works	..	..	..	..	..	.11	.52
Contingencies	..	..	.20	.25	.22	.20	.19
Total	..	..	1.23	1.35	1.43	1.63	2.03

We may remark that the provision for 1931-32 includes a non-recurring item of .52 for the construction of a Civil Hospital at Miran Shah. Even if this item be excluded from consideration, medical expenditure has been growing without interruption, which was only to be expected.

D. *Allowances to tribes (8.26)*.—The provision for 1931-32 is 8.26 lakhs and the expenditure has been more or less steady. The allowances are payable

under definite agreements entered into with the tribes. They represent either compensations for the surrender of rights or claims to collect tolls or payments for the protection of certain roads, canals, railways, etc., or payments for the acquisition of the right to build roads, posts, etc., in the tribal territory and are in all cases conditional on good behaviour.

E. *Political Subsidies* (.42).—A subsidy of .42 is paid to His Highness the Mehtar of Chitral. The initial amount fixed in 1895 was Rs. 12,000 per annum and continued until 1928-29, when it was raised to Rs. 42,000.

F. *Entertainment Charges* (3.75).—This expenditure is of a fluctuating nature and depends upon the number and rank of the men from the tribal area who come to attend various jirgas.

G. *Refugees and State Prisoners* (.07).—This is self-explanatory.

H. *1 to 3 Miscellaneous*.—The 1931-32 provision under these three items under H. Miscellaneous is 3.19 lakhs as below :—

	1931-32.
Pay of Officers .. .. .	.06
Pay of Establishment .. .. .	.29
Other Charges .. .. .	..
Secret service money .. .. .	.47
Protection of raids .. .. .	.31
Cost of Arms and Ammunition .. .. .	.10
Office expenses and Miscellaneous	1.36
Miscellaneous Political Expenditure .. .. .	.16
Postage and Telegram charges .. .. .	.36
Travelling Allowances .. .. .	.08
Total	3.19

Departmental offer.—Originally the Department could offer only .20 under this head. In the course of the oral evidence of its representatives, however, the amount offered was raised to 1.24. We have been supplied with no further details and are unable to ascertain what portion out of this amount represents a permanent reduction of expenditure.

Our Proposals.—We observe that besides a Political Agent for Northern Waziristan and one for Southern Waziristan, there is also a Resident for Waziristan as a whole. *Prima facie*, we consider that this is a superfluous post. We appreciate the benefit of co-ordinated policy for Waziristan as a whole but we do not consider that the retention of a Resident for the supervision of the work of only two political agencies is a *sine qua non* in the interests of such co-ordination. The conditions on the frontier are such that co-ordination of policy is desirable not only for Waziristan but also for the tribal area as a whole, and such co-ordination ought to be ensured by the fact that the Chief Commissioner is also Agent to the Governor-General for the entire tribal area.

Again, so far as we can ascertain, the 1931-32 Estimates make a provision for six Political Agents and as many as seven posts of Assistant Political Agents, viz., two for North Waziristan, two for South Waziristan, one for

Dir and Swat, one for the Kurrum Valley Agency, and one for Khyber Agency. In fact we observe (*vide* the Quarterly List) that on 1st October 1931 there were only the following Political Agents and Assistant Political Agents actually on duty :—

- (1) Political Agent, Dir and Swat and Chitral.
- (2) Assistant Political Agent at Chitral.
- (3) Political Agent, Khyber.
- (4) Political Agent, Kurrum.
- (5) Political Agent, North Waziristan.
- (6) Assistant Political Agent, North Waziristan.
- (7) Political Agent, South Waziristan.
- (8) Assistant Political Agent, South Waziristan.

That list showed one more post, *viz.*, that of an additional Assistant Political Agent for South Waziristan, but the post was shown as lying vacant. We recommend that the question of reducing the number of Assistants' posts should be taken up by Government, and that if the budget provision is in excess of the sanctioned number or the number likely to be required, efforts would be made to ensure that the excess provision is not needlessly spent.

As regards the number of Political Agencies, we may remark that the Inchcape Committee did "not consider that, when conditions in Waziristan have settled down, it should be necessary to maintain a Resident in Waziristan as well as a separate Political Agent at Wana". It recommended "that the question of the abolition of one of these appointments should then be taken up and a reduction of at least Rs. 50,000 effected." We also hold the same view, except that we think that it is the Resident's post that should be abolished rather than that of the Political Agent at Wana.

We are unable to calculate precisely the savings that would result from the scrutiny recommended by us. Assuming, however, that the Waziristan Residency and one of the political agencies and two or three Assistant Political Agents' posts are abolished, the savings might well be about a lakh of rupees per annum. In addition to this we recommend that the grants under the head "Political" should be reduced by 1.75 lakhs as below :—

Entertainment charges	..	..	..	..	..	..	1.00
H.-3—Miscellaneous—Other Charges	..	..	..	..	..	..	.50
Other heads	..	..	..	..	..	..	.25
Total							1.75

We thus recommend that the grant should be reduced by 2.75 lakhs in all.

(xi) Account XI.—Frontier Watch and Ward.

Introductory.—In spite of her land frontier of over 6,000 miles, India enjoys, at any rate along a major part of frontier, a certain degree of natural protection. The problems of defence along the northern and the eastern frontiers, though not non-existent, are comparatively speaking unimportant. It is mainly on the north-west frontier that her problems are, as they have throughout history been,

of a serious nature. It is this frontier which has seen the march of invading peoples into India and sometimes of Indian armies into Afghanistan and Russian and Chinese Turkestan. We shall deal with the questions relating to the Watch and Ward of the northern and the north-eastern frontier under the head Frontier Watch and Ward. Here we propose to confine ourselves to the Watch and Ward of the north-western frontier, i.e., to the tract of country from the Hindu Kush mountains down to the Arabian sea. This frontier concerns two provinces which are at present both "minor administrations," viz., the North-West Frontier Province and Baluchistan. We have already described the nature of the administrative border and the Political frontier known as the Durand Line. The western fringe of the five settled districts of the North West Frontier Province, i.e., the administrative border, is dotted by cantonments or defence posts held by the regular army, militia, Frontier Contabulary or Khassadars. This chain of cantonments and posts is flanked by the large military cantonments of Peshawar and Quetta. It should, however, be borne in mind that the cantonments and defence posts are not confined to the eastern side of the administrative border; in a number of places, e.g., in Malakand, Khyber, Kurram and Tochi, at Razmak and along the Zhob road which runs south of Waziristan, they push forward into trans-border or tribal territory. In spite of the geographical separation caused by the wedge of semi-administered Kurram valley, the trans-border tribes are in some sort of communication with each other from north to south; and in fact racial, religious and linguistic affinities link them up with the tribes living beyond the Durand Line. The problem of defence along this frontier is thus not merely of local importance, but affects the whole of India.

We have already described the three separate portions of the tribal area, viz., Waziristan (southern and northern), Tirah (the country of the Afridis and Orakzais which lies between the Kurram valley and the Kabul river) and the country to the north of Kabul river. The conditions in these three areas are not exactly similar. In the northern block, i.e., the one lying to the north of the Kabul river Government's relations with the tribes have since 1897 been satisfactory. Broadly speaking, this part of the tribal area is effectively controlled by the Chiefs, mainly the Mehtar of Chitral, the Nawab of Dir and the Wali of Swat. Further, it is in active trade relations with India and the Swat river canals have helped to provide agricultural and other employment for the local population. Similarly relations with the Afridis and Orakzais have been generally satisfactory until the Afridi incursions of 1930, and there is no attempt at penetration, peaceful or otherwise. It is, however, stated that Waziristan is and has always been more difficult, and its people more intractable, than those of any other of the major divisions of the trans-border tribes. It is held that as one goes from the north to the south in the tribal area, the constitution of tribal society becomes looser and looser. Thus the problem of frontier defence in the narrower sense is more or less confined to Waziristan.

At the same time it will be seen from the figures that have been given (at page 18) that the number of raids and the resultant casualties and the value of property looted have shown progressive and marked decline within the

last ten years. In 1926-27 persons killed were two, wounded six, kidnapped five and value of property looted Rs. 7,095 and in 1927-28 persons killed were four, none wounded, kidnapped 11 and the value of property looted Rs. 15,000.

On the other hand, the fact cannot be denied that several hundreds of crores have been spent on building strategic railways and roads right into the tribal territories. The occupation and development of portions of tribal territories, the policy of subsidies and 'peaceful penetration' together with the modern equipment of the army, especially the air force, should make the problems of coping with tribal raids far easier and less expensive than before. We have already noticed considerable decline in such raids owing to the latter factors.

The problem of frontier defence divides itself into two distinct types, *viz.*, (1) that of holding, in the military sense, the gates that lead from Afghanistan into India, namely the Khyber, Kurrum, Tochi, Gummal and Bolan Passes and (2) the day to day business of watch and ward over the frontier and the administrative border. The maintenance of friendly relations with the transborder tribes is one of the important ordinary functions of the administration of the North-West Frontier Province and, to a smaller extent of, Baluchistan as well. While the political officers try, as best as they can, to guide the tribes along the paths of peace and amity, the army and the various armed civil forces remain ready to meet serious incursions as well as ordinary raids.

Armed "civil" Forces.—We may now give a brief description of the various armed "civil" forces that are maintained for this purpose.

These fall broadly, into two classes (1) those maintained to keep law and order on the eastern side of the border and (2) those which are intended for service in the tribal area across the border.

As in the rest of India, ordinary district police is maintained in the five settled districts. In view of the comparatively unsettled conditions in this province this police is better armed and equipped than civil police forces in the ordinary districts in India, but in other respects its work is similar to that of the latter. Apart from this police a body of armed police called the Frontier Constabulary is maintained for the prevention of raids and the capture of outlaws and raiders, and for the safety of roads and communications by regular patrolling. Although the posts held by the Frontier Constabulary lie almost entirely to the east of the border, many of its operations are carried out in the tribal area.

A third class of civil defence forces maintained in the settled districts is the *Chighas* or village pursuit parties. By custom which has also been crystallised into law these parties are bound to come out for defence as well as pursuit, whenever a raid occurs. Villages liable to be raided are provided by Government with a certain number of rifles for self-defence, but apart from this the administration of the province does not attempt to directly supervise the work of the *Chighas*; the members are not in the pay or service of the Crown. *Chighas* are intended for operations of comparatively short duration. For co-operation with the *Chighas* in the case of prolonged operations, levies drawn from the populations of villages lying in the settled districts but manned by selected members of the village communities are

organised. These levies are pledged to full or part-time service and receive arms and ammunition and pay from Government either directly or through their local leaders.

For service in the tribal area, three civil corps are maintained, *viz.*, the Kurram Militia, the Tochi Scouts and the South Waziristan Scouts. The first of these is a force mainly raised locally for the preservation of law and order in the semi-administered Kurram valley, while the other two corps are intended to maintain political control in north and south Waziristan respectively and to prevent raiding from or through Waziristan into the regular districts.

Unlike the tribal levies or the Kurram Militia, the Tochi and South Waziristan Scouts contain only a very small proportion of local tribesmen. All the three corps are officered by military officers seconded from the regiments of the regular army; in this respect they differ from the Frontier Constabulary whose officers are members of the Indian Police seconded from their own service.

In addition to the three civil Corps mentioned above, four other bodies are also maintained, *viz.*, the Chitral Scouts, the Zhob Militia, the Chagai Levy Corps and the Mekran Levy Corps. Their names denote the country in which they are intended to operate; the last two are confined to Baluchistan. Their organisation and functions are similar to those of the Corps meant for service in Kurram and in Waziristan.

Lastl-, mention should be made of *Khassadars*. Like the tribal levies organised in the settled districts in the case of prolonged operations, *Khassadars* also are tribal levies intended for service in the agency tracts. They function as the tribal police and are charged with the duty of guarding communications through their tribal territory. They have to provide themselves with arms, ammunition and equipment and are therefore more highly paid than the members of the civil defence forces so far mentioned, *viz.*, the Police, the Constabulary, the tribal Levies raised in the settled districts and the trans-frontier Civil Corps. Incidentally, the higher pay serves to attract better men to serve as *Khassadars* and to secure their own good behaviour and that of their fellow tribesmen. *Khassadars* have been employed only in the Khyber Agency, in the Kohat Pass and in Waziristan.

The following table shows the present strength of the special civil defence forces in the North-West Frontier Province :—

Kurram Militia	..	..	..	..	..	..	1,301
Tochi Scouts	..	..	..	..	..	..	2,290
South Waziristan	..	..	..	..	..	..	2,761
Zhob Militia	..	..	..	..	..	..	1,419
Chitral Scouts	..	..	..	..	..	..	991
Frontier Constabulary	..	..	..	..	..	..	4,664

We do not know the precise present strength of *Khassadars*, but so far as we can ascertain, there are 4,000 in Waziristan, 1,500 in Khyber Agency and 400 in the Mohmand country.

Raids.—The following table gives some information about the number of raids, casualties and the value of the property looted for certain years.

Year.	No. of raids	Persons killed.	Persons wounded.	Persons kidnapped.	Value of property looted.	
1906-07	..	41	Information not readily available.			
1907-08	..	56				
1908-09	..	99				
1909-10	..	159				
1910-11	..	113				
1911-12	..	71				
1912-13	..	77				
1913-14	..	93				
1914-15	..	165				
1915-16	..	345				
1916-17	..	292				
1917-18	..	223				
1918-19	..	189				
1919-20	..	611	298	392	463	26,30,209
1920-21	..	391	153	157	310	2,86,284
1921-22	..	194	80	72	148	1,45,670
1922-23	..	131	52	52	61	82,795
1923-24	..	69	33	35	18	59,690
1924-25	..	39	9	9	25	7,872
1925-26	..	30	14	16	5	16,372
1926-27	..	19	2	6	5	7,095
1927-28	..	18	4	..	11	15,035
1928-29	..	12	Information not readily available.			

(These figures have been obtained from the annual administration reports.)

Expenditure.—The expenditure on Frontier Watch and Ward has varied as below but we may here repeat that it was only with effect from 1927-28 that Frontier Watch and Ward appears as a separate head of account.

	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
Frontier Constabulary	22-37	23-74	22-96	21-98	22-01	22-47	22-93	22-60
South Waziristan Scouts.	19-23	21-25	20-56	18-92	18-43	19-40	19-69	18-73
Chitral Scouts	..	2-36	-78	-89	-64	-81	-67	-80
Charges for Levies	..	27-90	29-02	22-12	29-04	28-81	28-31	31-13
Kurram Militia	..	6-57	8-14	7-28	7-48	7-00	7-21	8-71
Tochi Scouts	..	13-21	14-94	14-39	14-34	14-33	14-47	14-88
Frontier Constabulary Reserve.	..	..	..	..	..	04	-12	-21
Intelligence Bureau	..	-43	-46	-43	-45	-47	-47	-71
Inspecting Officer, Frontier Corps.	..	-39	-41	1-83	-57	-44	-50	-82
Medical Establishment.	..	*	*	*	1-54	1-53	1-57	1-61
	92-46†	98-74	90-46	94-96	93-83	95-11	101-40	95-85

*Shown under "Medical".

†In all it was 92-69 lakhs.

The growth of expenditure on Frontier Watch and Ward (excluding Works) from 92·69 in 1924-25 to 101·40 (Revised) in 1930-31 and 95·85 (budget) in 1931-32 was brought about, *inter alia*, by the following reasons :—

- (1) Revision of the pay of officers with effect from 1st July 1924 and revision of the pay of the clerical establishments.
- (2) Grant of bonus to members of the Waziristan Corps after six years' service.
- (3) Entertainment of two temporary platoons in 1930-31.
- (4) Payment of " Good Conduct and Good Service Pay " owing partly to the revision of rates from 1st April 1929 and partly to the admissibility of this pay to a larger number of men during 1931-32 than in 1924-25.
- (5) Contribution towards the cost of training men at army schools of instruction. The cost of such training used to be borne by the Army estimates; for some reasons not known to us it is now borne by the Civil.
- (6) Appointment with effect from 1929-30 of an additional British Officer for the Kurram Militia.
- (7) Increase of staff compared with 1924-25.
- (8) Payment of fuel allowances sanctioned in 1927-28 to Waziristan Scouts.
- (9) Appointment of additional Khassadars for the protection of the Khyber Railway and of temporary Levies in the Kohat District.
- (10) Cost of retaining fees and other charges connected with the entertainment of Frontier Constabulary Reservists. (This scheme was sanctioned in 1929 and the budget estimates for 1931-32 include a provision of Rs. 21,000 on this account.)
- (11) Appointment of an Intelligence Staff Officer in 1930 and of two additional Sub-Inspectors and three Head Constables in connection with Passport work.
- (12) Opening of two new hospitals at Doshali and Tank.
- (13) Accrual of the usual increments.

Department offer.—The Department has offered a reduction of 3·04 lakhs, but has not furnished any details.

Our proposals.—An analysis of the reasons that have led to increased expenditure shows that a good deal of it took place in a period when political conditions were, comparatively speaking, still normal. If, as has been claimed, the policy of peaceful penetration is proving successful, we cannot see why it should have been found necessary to increase either the establishments or the expenditure. The spread of civilisation and greater security in the tribal area should automatically involve reduction of establishments and to some extent of expenditure. We do not possess the information necessary to enable

us to scrutinise the expenditure in detail and are therefore reduced to proposing a block out. In view of the falling revenues and the necessity felt by Government to levy increased taxation and also in view of the economic distress prevailing all over the country we consider that an expenditure of about a crore and a half on the " Watch and Ward " (including buildings and communications) of a section, although an important one, of India's frontier is not justified. In essence, this expenditure is additional expenditure on the military defence of the country. In our opinion the Frontier Constabulary, the trans-border Corps and the *Khassadars* perform functions which are almost entirely military in character and the expenditure should be borne by the Army estimates within the limits of the Army budget. We have been given to understand that the question of showing this expenditure under the Army estimates is under consideration. While we have no objection to such transfer, we attach greater importance to a reduction of the total expenditure on defence. We recommend that the department should keep in view a standard of expenditure not exceeding 80 lakhs and that progressive steps should be taken to achieve this result ; we think this should be possible within the next three years. For the purposes of the 1932-33 budget we shall assume a reduction of expenditure by 5 lakhs.

We here emphasise our suggestion that steps should be taken to devote as much money as possible from the heads " Political " and " Frontier Watch and Ward " to activities more likely to yield permanent beneficial results, *e.g.*, Agriculture, Irrigation, Cottage Industries, Education, Veterinary, Co-operations, Communications, etc.

(xii) *Account XII—Education.*

Expenditure on Education has grown as below :—

1913-14.	1921-22.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
4.88	11.85	11.75	12.19	13.24	17.73	18.59	19.77	20.68	22.11

For Direction and Inspection the following staff is maintained :—

Direction.—A Director of Public Instruction, his personal Assistant, a Registrar for departmental examinations who also works as Secretary to the Text Book Committee and a clerical establishment of 30.

Inspection.—Two Inspectors and an Inspectress of Schools, five District inspectors of Schools, four District and Assistant Inspectors of Schools of non-azetted status and a clerical and inferior establishment of about 38.

The following table shows the expenditure on (a) University and College Education, (b) Secondary Education and (c) Primary education, as also on special education and general expenditure for various years.

	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
University ..	.. 1.22	1.46	1.64	1.89	2.62	2.66	2.15	1.62
Secondary ..	.. 3.73	3.56	3.59	4.54	4.44	4.76	5.05	7.72
Primary ..	.. 5.42	5.73	6.47	9.31	9.39	10.06	10.93	9.29
Special ..	.. ..	.03	.07	.23	.27	.25	.27	1.09
General ..	.. 1.38	1.41	1.47	1.77	1.87	2.03	2.28	2.39
	11.75	12.19	13.24	17.74	18.59	19.76	20.68	22.11

We may further remark that the five-year programme is in operation in this province also.

The province has no University of its own. So far as is known to us, Government do not maintain any College whether for arts or for professional or technical studies. There are, however, three Colleges, all in receipt of grants-in-aid, *viz.*, Islamia College at Peshawar, Edwards College (a missionary Institution) at Peshawar and the Vedic Bharatri College at Dera Ismail Khan. We believe there is also a College maintained close to the border for the education of youngmen from the tribal area, but our information has not been duly verified.

The administration also maintains a High School, a Training College and a special school.

As regards Primary education the prevailing system is to give grants-in-aid to local bodies.

Departmental Proposals.—Originally the Chief Commissioner proposed to effect a reduction of 2·22 lakhs under this head. We do not know what portion of this sum was intended to be permanent. Subsequently a permanent reduction of 2·37 lakhs in the expenditure on 'Education' has been offered by the department.

Our proposals.—In conformity with the views expressed by us in Part I of our Interim report and consistently with the line that we have always taken, we are not prepared to recommend any reduction under this head. The emphatic pledge so recently given by the Chief Commissioner in this connection should be faithfully observed.

Account XIII—Medical.

Expenditure under 'Medical' has varied as below. In addition to this expenditure there is a certain amount of medical expenditure incurred under the head "Political", the figures for which are given in a table in sub-paragraph (x) on page 41.

	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
Medical Establishment	1·74	1·54	1·73	1·56	1·63	1·75	2·24	2·14
Grants-in-aid to Hospitals and Dispensaries	1·68	2·53	2·92	2·15	1·99	3·81	4·30	5·58
<i>Medical Schools and Colleges.</i> —Payment to the Punjab Government ..	·72	·39	·44	·50	·58	·60	·60	·54
Grand Total ..	4·14	4·46	5·09	4·21	4·20	6·16	7·14	8·26

A part of the growth of expenditure is merely apparent ; recoveries from local bodies, which would have been brought to account in 1924-25 as deductions from expenditure, are now credited as revenue. Among the other reasons for the growth of expenditure since 1924-25 are :—

- (1) The creation of a post of Surgeon-Major to act as Civil Surgeon of Bannu, where a large new hospital has been built.
- (2) An Assistant Surgeon for the X-Ray Institute in the Lady Reading Hospital, Peshawar.
- (3) 21 posts of Sub-Assistant Surgeons and compounders in connection with the expansion of medical facilities in the province.

- (4) Appointment of 35 clerks and servants to the staff of the Lady Reading Hospital at Peshawar.
- (5) Larger grants-in-aid (aggregating 1·27 lakhs in the 1931-32 budget) for improved medical facilities in the province.

The following specific cases illustrate the purposes for which the new grants-in-aid have been made:—

	Rs.
(a) Improvement to the female section of the Lady Reading Provincial Hospital, Peshawar	31,000
(b) Establishment of six new rural dispensaries	78,700
(c) Posting of female Sub-Assistant Surgeons at three selected tahsil headquarters hospitals and the construction of quarters for them	16,700
(d) Grant towards the construction of a civil hospital at Dera Ismail Khan	600

Departmental proposals and our recommendations.—The Department has offered a reduction of Rs. 25,000. Our view is that expenditure on such activities as Education, Medical and Public Health should, as far as possible remain undiminished. We therefore cannot agree that the offer should be accepted. We may, however, draw attention to two points.

(1) The Chief Medical Officer gets, in addition to his pay as an officer of the I M. S., special pays aggregating Rs. 650 a month, *viz.*, a special pay of Rs. 350 as Chief Medical Officer of the Province and a special pay of Rs. 300 for holding the Jail and Sanitary charges. We consider that the aggregate special pay is out of proportion to the additional work involved. In effect, this special pay converts the Chief Medical Officer's post into one on Rs. 2,500 per mensem a pay which does not compare very unfavourably with the emoluments of Inspectors General of Hospital in the major provinces. In the somewhat analogous cases of Delhi, where too one of the Civil Surgeons functions also as Chief Medical Officer and presumably gets a special pay of Rs. 250 per mensem we have recommended the abolition of the special pay. We recognise that there is a difference between the responsibility of a Chief Medical Officer for a small province like Delhi and the Chief Medical Officer of a province of the size of the North-West Frontier Province. In this case therefore we do not propose to go as far as we did in the case of Delhi. We recommend that the aggregate special pay should be reduced from Rs. 650 to Rs. 300. Our proposal will yield a saving of 04 lakh.

(2) We observe that the extra staff required on account of the opening of the New Central Jail at Haripur in the office of the Chief Medical Officer in his capacity as Inspector-General of Prisons has been provided under head "Medical". We consider that this fails to give a proper view of expenditure both under "Medical" and under "Jails". We have come across several cases where in the case of combined offices expenditure has been divided into its various component parts and each part has debited to the service concerned. We can see no reason why the Account head "Jails and Convict Settlements" should not bear an appropriate share of the cost of all staff, (including the Chief Medical Officer *cum* Inspector-General of Prisons) maintained in connection with jails, whether whole-time or part-time.

Accounts IV.—Public Health.

The expenditure has varied as below :—

	1924-	1925-	1926-	1927-	1928-	1929-	1930-	1931-
	25.	26.	27.	28.	29.	30.	31.	32.
Public Health Establishment	·31	·31	·36	·38	·38	·40	·50	·60
Grants-in-aid	1·19	·30	·45	·27	·18	·39	·43	·45
Expenses in connection with epidemic diseases	·22	·22	·24	·20	·46	·26	·23	·24
	1·72	·83	1·05	·85	1·02	1·05	1·16	1·29

The staff consists of an Assistant Director of Public Health on the I. M. S. scale of pay with a special pay of Rs 250 and a Pushto allowance of Rs. 100. The cost of Health Officer, Peshawar Municipality, has now been "provincialised." There is also an Assistant Surgeon incharge of the provincial Laboratory. The establishment numbering 18 consists of Inspectors, Vaccinators, clerks, Laboratory Assistants and servants. There is also a special establishment for the medical inspection of school children.

The main reasons for the growth of expenditure have been :—

- (1) The grant of a Pushto allowance of Rs. 100 per mensem to the Assistant Director of Public Health with effect from 1927-28.
- (2) "Provincialisation" of the post of Health Officer, Peshawar Municipality, with effect from 1930-31.
- (3) Addition to the establishment and revision of pay sanctioned in 1925-26.
- (4) Increased expenditure on account of the scheme for the medical inspection of school children since 1929-30.

Departmental proposals.—In the course of its oral evidence, the Department offered a reduction of ·17.

Our Proposals.—We observe that the Assistant Director of Public Health is an I. M. S. officer of the rank of a Major. The North-West Frontier Province is a healthy area and it does not present complex public health problems. The physique of the population is among the finest in India. We cannot persuade ourselves to accept the reason for a special pay of Rs. 250 to the Assistant Director in addition to a special pay to the Chief Medical Officer. In fact, we cannot see why an officer of this rank should not be designated as Director of Public Health and given some small special pay in addition to the scale in force for the I. M. S. Our proposal will yield a saving of at least ·02 lakhs.

In addition to this we recommend that the departmental offer should be accepted. On our proposals, there should be a reduction of expenditure to the extent of at least ·19.

Account XV—Agriculture, Veterinary, Co-operative Credit, Museum and Miscellaneous Departments.

The expenditure on these has been as below :—

	1924-	1925-	1926-	1927-	1928-	1929-	1930-	1931-
	25.	26.	27.	28.	29.	30.	31.	32.
Agriculture	·78	1·06	1·02	·93	·67	·74	·85	·99
Veterinary	·50	·56	·43	·57	·69	·81	·87	1·07
Co-operative Credit .. ..	..	·03	·05	·07	·16	·38	·63	·78
Museum	·04	·06	·05	·05	·05	·05	·05	·05
Provincial Statistics	·03	·03	·03	·02	·02	·02	·03	·03
Famine Relief .. ..	..	..	..	..	..	..	·25	..
Industries .. ..	..	..	..	..	·07	..	..	..
	1·38	1·74	1·59	1·64	1·65	2·00	2·68	2·92

Of the apparent growth of expenditure, a part is due to the assumption by the N. W. F. P. of responsibility for its own Veterinary work ; the province had previously relied upon the Punjab Government for such work. A larger part of the growth is due to the initiation of the Co-operative Credit Movement.

Our proposals—In the course of its oral evidence, the Department has offered a reduction of .13 lakh. The activities financed from the provision under this head of account are of a nation-building character. We do not, therefore, propose to press the department for any further reduction of expenditure than it has offered. For a province consisting of five settled districts with a population of about 2½ million we consider a provision of a little over ¾ of a lakh for Co-operative Credit is none too large. We therefore propose that a saving of .13 should be effected but it should all come out of the provisions for heads other than Co-operative Credit.

Account XVI—Miscellaneous.

The expenditure under head Miscellaneous has varied as below :—

1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
.68	1.21	.75	.59	.71	.80	.79	.79

The only important items of expenditure are—

(a) grants-in-aid to local bodies for general purposes .. ..	.55
(b) Guarantees for Posts and Telegraphs Office .. ..	.10

It fact, it is these items which account for most of the increase of expenditure.

Departmental offer and our proposals.—The department has offered a reduction of .04 and we recommend that this offer be accepted.

Special pays, language and other allowances, etc.

From a perusal of the Department's Quarterly List we observe that in this province special pays and allowances are admissible on a scale which we consider excessive. These form a substantial addition to the pay proper of the officers. Language allowances are granted for some degree of proficiency in the Pushto language. The representatives of the Department told us in the course of their oral evidence that the justification for the language allowance is that an officer who has to serve in this province has to pick up Pushto, which does not serve him any useful purpose outside the province. This argument does not convince us. Broadly speaking, we deprecate the grant of monthly allowances for acquiring workable proficiency in the language of the province in which an officer has to serve. If, however, in the special circumstances of this province, it is still considered necessary to give language allowances, lump sum rewards on the lines of the language rewards, which used to be in force some years ago, should be reintroduced. But we consider the system of monthly allowances unsound in principle, inasmuch as it tends to discriminate unfairly between those who are stationed for a short period as compared with those who are kept on for longer periods. In our opinion the entire system of these language allowances should be re-examined. Pending the results of such an examination, we recommend that a cut of 50 per cent. in the amounts at present payable should be made at once. Similarly in the interests of economy all special pays and allowances, other than fixed travelling allowances and allowances paid from other funds, *e.g.*, from railways, estates, etc., should

be reduced by one-half. In the absence of accurate details, we have not been able to work out precise figures of the total resultant saving, but we estimate that our proposal should yield over one lakh of rupees on officers' special pays, etc. •

Summary of savings.—On our proposals, we expect that there will be a saving of 20·24 lakhs in the grant for the North-West Frontier Province as follows:—

						Reduction proposed.
Account	I.—Land Revenue	..	..	..	..	·30
Account	II.—Forest	..	..	..	..	2·00
Account	III.—Other direct demands on revenue	..	..	..	..	·22 •
Account	V.—General Administration	..	..	..	..	1·02
Account	VI.—Administration of Justice	..	..	..	..	·68
Account	VII.—Jails	..	..	..	..	2·00
Account	VIII.—Police	..	..	..	..	4·85
Account	IX.—Ecclesiastical	..	..	..	..	<i>Nil.</i>
Account	X.—Political	..	..	..	..	2·75
Account	XI.—Frontier Watch and Ward	..	..	..	..	5·00
Account	XII.—Education	..	..	..	..	<i>Nil.</i>
Account	XIII.—Medical	..	..	..	..	·04
Account	XIV.—Public Health	..	..	..	..	·19
Account	XV.—Agriculture, etc.	..	..	..	..	·13
Account	XVI.—Miscellaneous	..	..	..	..	·04
	Special pays and allowances			..	..	1·02
				Total	..	20·24

Some further saving on the special pays, allowances, etc., of establishments will also accrue, but we are unable to estimate the amount.

NOTE.—Attention is drawn to the Note at the top of page 1.

APPENDIX IV.

POPULATION AND ITS DISTRIBUTION BY RELIGION IN NORTH-WEST FRONTIER PROVINCE.

(a) *Population.*

District.	Total Population.	Males.	Females.	Urban-	Rural.	Density.
NOTE.—The figures below are 1931 figures.						
1. Hazara	670,117	358,193	311,924	41,985	628,132	223
2. Peshawar	974,321	538,146	436,175	216,423	757,898	369
3. Kohat	236,273	126,210	110,063	34,350	201,923	88
4. Bannu	276,301	145,163	125,138	38,242	232,059	159
5. Dera Ismail Khan ..	274,064	146,106	125,958	55,177	218,887	79

Total N. W. F. P. (Districts).	2,425,076	1,315,818	1,109,258	386,177	2,038,899	179
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Agencies and Tribal Areas.

Total	2,259,288	1,212,347	1,046,941	..	2,259,288	..
Enumerated	46,451	44,635	1,816	..	46,451	..
Estimated	2,212,837	1,167,712	1,045,125	..	2,212,837	..

Agencies.

1. Malakand (Dir, Swat and Chitral)—

Total	902,075	465,470	436,605	..	902,075	..
Enumerated	3,390	2,928	462	..	3,390	..
Estimated.. ..	998,685	462,542	436,143	..	898,685	..

2. Khyber—

Total	263,566	147,908	115,658	..	263,566	..
Enumerated	16,516	16,452	64	..	16,516	..
Estimated.. ..	247,050	131,456	115,594	..	247,050	..

3. Kurram—

Total	63,352	35,395	27,957	..	63,352	..
Enumerated	4,832	3,682	1,150	..	4,832	..
Estimated.. ..	58,520	31,713	26,807	..	58,520	..

4. North Waziristan—

Total	93,570	56,328	37,245	..	93,570	..
Enumerated	13,282	13,154	128	..	13,282	..
Estimated.. ..	80,288	43,171	37,117	..	80,288	..

5. South Waziristan—

Total	108,213	61,264	46,949	..	108,213	..
Enumerated	6,713	6,711	2	..	6,713	..
Estimated.. ..	101,500	54,553	46,947	..	101,500	..

Tribal area under the Political control of the Deputy Commissioner of—

1. Hazara—

Total	..	..	352,400	190,036	162,364	..	352,400	..
Enumerated	..	..	..	..	..	..	..	..
Estimated..	..	..	352,400	190,036	162,364	..	352,400	..

2. Peshawar—

Total	..	..	305,410	162,510	142,990	..	305,410	..
Enumerated	..	..	..	..	..	..	..	..
Estimated..	..	..	305,410	162,510	142,990	..	305,410	..

3. Kohat—

Total	..	..	128,900	70,200	58,700	..	128,900	..
Enumerated	..	..	..	..	..	..	..	..
Estimated..	..	..	128,900	70,200	58,700	..	128,900	..

4. Bannu—

Total	..	..	22,160	11,916	10,244	..	22,160	..
Enumerated	..	..	..	..	..	..	..	..
Estimated..	..	..	22,160	11,916	10,244	..	22,160	..

5. Dera Ismail Khan—

Total	..	..	19,642	11,323	8,319	..	19,642	..
Enumerated	..	..	1,718	1,708	10	..	1,718	..
Estimated..	..	..	17,924	9,615	8,309	..	17,924	..

(b) *Distribution by religion.*

District.	Muslim.	Hindu.	Sikh.	Christian.
Hazara	.. 636,794	25,280	7,630	432
Peshawar	.. 898,683	42,321	24,271	9,046
Kohat	.. 218,445	13,293	3,249	1,186
Bannu	.. 237,674	26,181	5,482	964
Dera Ismail Khan	235,707	35,822	1,878	657
Total N. W. F. P. (Districts)	2,227,303	142,977	42,510	12,286

CHAPTER IV.

GRANT No. 79—BALUCHISTAN.

(1) *Introductory.*—Like the North-West Frontier Province Baluchistan (in which is situated the Bolan Pass) is also a frontier province, but it presents problems of administration, which are in most respects widely dissimilar. While in the North-West Frontier Province, there are five administered districts in which a reformed constitution is just about to be established and an unadministered tribal belt, which intervenes between the administrative border and the Durand Line, there is in Baluchistan no tribal belt but administration extends everywhere up to the Durand Line. A second important point of difference lies in the existence in Baluchistan of the State of Kalat, which with its tributary State of Las Bela accounts for more than half the area and population of the Province. The State of Kalat, though autonomous, has always consented to follow advice tendered by the Baluchistan Administration and the supervision of Kalat administration forms an important part of the Agent to the Governor General's duties. There is no similar unit in the North-West Frontier Province, nor is there in that Province any exact counterpart to the Marri and the Bugti areas, which are administered by their own tribal chiefs under the supervision of the Agency authorities. In Baluchistan these tracts are referred to as tribal territory, as indeed it is, but the tribal territory of Baluchistan bears no resemblance whatever to the tribal territory of the North-West Frontier Province.

The province is administered by an Agent to the Governor General who is a Resident of the first class, assisted by the following staff:—

- (i) A Revenue Commissioner on Rs. 3,000.
- (ii) Six Political Agents with special pays of Rs. 300 in two cases, Rs. 200 in two cases, Rs. 150 in one case and Rs. 100 in one case.
- (iii) A Secretary and an Under-Secretary.
- (iv) Five Assistant Political Agents.
- (v) A Surgeon with a special pay of Rs. 350 and an Assistant Surgeon.
- (vi) 25 Extra Assistant Commissioners and Indian Assistants.
- (vii) Ministerial, menial and medical establishments numbering 484.

Quetta is the headquarters but the Agent to the Governor General and a small portion of his staff go in the summer to Ziarat.

Important jirgahs and the provincial durbar are held at Sibi, but Sibi is never the headquarters of the Agent to the Governor General.

Baluchistan is divided into four main divisions:—

(1) British Baluchistan, with an area of 9,096 square miles, consisting of tracts ceded by Afghanistan to the British Indian Government by treaty in 1879; (2) Agency territories with an area of 37,864 square miles, composed of tracts which have, from time to time, been acquired by lease or otherwise

brought under British control and been placed under the direct administrative control of British Indian officers, (3) the Indian States of Kalat and Las Bela with an area of 80,410 square miles ; and (4) tribal territory. British Baluchistan and the Agency territories are sometimes known as the "administered" territories. The districts and agency area cut off southern Baluchistan from Afghanistan with which the province had close political relations. On the west, its frontier marches with that of Persia, but this tract is almost a desert and is sparsely populated. Though Baluchistan lies just north of the Arabian Sea, it remains outside the monsoon area and the rainfall is irregular and scanty. The total population is 799,625, out of which 383,624 reside in the administered territories, i.e., in British Baluchistan and in the Agency areas.

(2) *History*.—The political connection of the British Indian Government with Baluchistan commenced from the outbreak of the first Afghan War in 1839, when it was traversed by the Indian Army and was afterwards occupied to protect the British lines of communication. By the treaty of 1879, Sibi, Harnai and Thal-Chotiali were handed over by Afghanistan to the British Government, on condition that Afghanistan should receive the surplus revenues after payment of the expenses of administration. After the disaster in Afghanistan when the British Resident and escort were massacred at Kabul, the treaty was abrogated. But in 1882, after the close of the second Afghan War, it was decided to retain the areas ceded by Afghanistan in 1879. These areas comprise British Baluchistan.

Under the agreement entered into in 1883, the Khan of Kalat agreed to lease the district of Quetta to the British Indian Government for an annual rent of Rs. 25,000. In accordance with articles 2 and 3 of the Agreement of 1883, the Khan transferred absolutely all his rights to levy dues or tolls on the trade travelling through the Bolan Pass and in return for this concession Government agreed to pay the Khan Rs. 30,000 per annum. In 1880 the Khan made over to the British Government with full jurisdiction the lands on which the Kandahar State Railway had been constructed. In 1899 Mir Mahmud Khan transferred Nushki district and its *niabat* in perpetuity to the Government of India in consideration of an annual quit-rent of Rs. 9,000. Similarly the *niabat* of Nasirabad including the Manjuri lands was transferred in 1903 for a quit-rent of Rs. 1,17,500. Full jurisdiction over the lands required for the Mushkaf-Bolan railway and Nushki railway was ceded by the Khan in 1894 and 1903 respectively. These tracts together with Zhob and Loralai comprise the Agency territories. There are two Indian States, Kalat and Las-Bela, the latter being nominally a feudatory of the former. The tribal territory consists of the country inhabited by the Marris and the Bugtis.

(3) *Expenditure and Revenue*.—The following tables exhibit the expenditure (Table A) and revenue (Table B) of the province. Heads of expenditure which would be treated as 'provincial' in a Governor's province have been shown separately from 'central' heads, although such a distinction has little meaning in this area.

TABLE A.

	1913- 14.	1920-1922- 21. 23.	1924- 25.	1925- 26.	1926- 27.	1927- 28.	1928- 29.	1929- 30.	1930- 31.	1931- 32.		
Land Revenue ..	2.45	3.35	3.16	2.82	2.95	3.01	3.03	3.85	3.92	4.17	3.99	
Excise ..	..	.12	.17	.18	.30	.25	.32	.39	.42	.69	.51
Stamps ..	..	.01	.02	.02	.02	.02	.05	.09	.03	.03	.03
Forest ..	..	.25	.29	.36	.30	.31	.32	.34	.37	.38	.40
Registration ..	..	.01	.03	.03	.03	.03	.03	.03	.03	.03	.03
Irrigation ..	3.84	..	..	1.97	2.21	2.26	2.47	2.98	4.41	7.47	6.03
General administra- tion ..	..	..	1.30	1.64	1.94	1.86	1.90	1.74	1.63	1.66	1.57
Administration of Justice ..	..	.20	.30	.38	.47	.50	.67	.70	.78	.73	.73
Jails and convicts settlement34	.80	1.00	.70	.76	.96	1.18	1.26	1.20	2.44	2.17
Police	5.12	10.11	11.12	11.05	11.28	11.33	11.45	11.02	11.72	12.30	12.74
Scientific Depart- ment09	.14	.11	.10	.11	.11	.12	.11	.10	.12	.10
Education	1.07	1.84	2.39	2.33	2.78	2.79	3.08	3.35	3.55	3.62	3.83
Medical	1.01	2.35	3.30	3.01	2.97	3.13	3.23	3.26	3.16	3.68	3.46
Public Health14	.22	.03	.14	.13	.14	.19	.17	.17	.38	.15
Agriculture, etc.23	.68	.70	.72	.81	1.06	1.64	1.07	1.31	1.39	1.30
Miscellaneous Departments01	.65	.03	.03	.08	.03	.02	.14	.22	.21	.22
Census ..	..	..	..	..	..	..	..	..	..	.61	.71
Civil Works (in- cluding Build- ing and Com- munication under Frontier Watch and Ward ..	13.77	14.16	12.94	9.63	10.83	11.22	14.21	18.13	23.76	18.44	14.22	
Famine Relief ..	..	..	.74	..	1.03	..	..	..	..	..	..
Superannuation Allowances and Pensions23	.36	.72	.91	1.32	.96	.89	.68	.76	.74	.60
Stationery and Printing02	.04	.02	.02	.01	.01	.01	.01	.01	.01	.01
Miscellaneous14	2.14	3.26	6.02	2.73	2.74	2.59	2.33	2.62	2.67	2.60
Total "Provincial" subjects ..	29.05	37.65	41.73	42.07	43.10	42.90	47.45	51.76	60.13	61.75	55.40	
Customs ..	..	..	..	..	.13	.15	.14	.12	.13	.13	.14
Taxes on Income ..	..	..	.06	.11	.12	.14	.17	.16	.19	.19	.23
Opium ..	..	..	..	..	..	..	..	..	..	..	..
Ecclesiastical22	.30	.32	.34	.31	.38	.28	.31	.35	.34	.33
Political ..	24.15	35.57	40.27	15.75	14.32	14.62	15.09	15.50	15.75	15.78	16.43	
Frontier Watch and Ward (exclud- ing Works) ..	..	..	..	25.04	25.46	26.49	27.25	27.92	28.93	28.60	28.75
Currency ..	..	..	..	.02	.01	.01	.01	.02	.02	.02	.02
Territorial and Poli- tical Pensions ..	..	.50	.50	.36	.46	.36	.36	.37	.38	.38	.38
Total "Central" Subjects ..	24.87	36.37	41.03	41.71	40.71	42.15	43.30	44.40	45.75	45.44	46.28	
GRAND TOTAL ..	53.92	74.02	82.76	83.78	83.81	85.05	90.75	96.16	105.88	107.19	101.68	

TABLE B.

	1913- 14.	1920- 21.	1922- 23.	1924- 25.	1925- 26.	1926- 27.	1927- 28.	1928- 29.	1929- 30.	1930- 31.	1931- 32.
Land Revenue ..	10.40	10.86	9.69	9.17	9.19	9.74	9.90	10.89	10.96	10.67	10.27
Excise ..	2.80	7.16	7.24	6.43	6.06	5.90	6.28	6.37	6.76	5.97	5.97
Stamps ..	1.00	1.74	1.88	1.95	1.90	1.66	1.80	1.93	1.77	1.86	1.86
Forest ..	.20	.23	.15	.21	.24	.28	.30	.23	.29	.29	.29
Registration ..	.03	.08	.06	.05	.05	.07	.06	.07	.06	.06	.06
Irrigation ..	.68	.87	.97	.75	.49	.36	.74	.80	.56	.82	.62
Administration of Justice ..	.27	.65	.30	.32	.35	.28	.32	.32	.36	.32	.32
Jails Settlement ..	.01	.02	.03	.02	.03	.04	.05	.05	.05	.08	.15
Police ..	.15	.25	.22	.06	.12	.08	.14	.11	.10	.09	.09
Education ..	.18	.24	.26	.34	.40	.42	.43	.45	.43	.44	.44
Medical ..	.02	.07	.08	.09	.08	.06	.07	.07	.06	.05	.05
Agriculture, etc.	.02	.02	.08	.13	.11	.21	.18	.12	.16	.14	.15
Miscellaneous Departments ..	.01	..	..	..	..	..	.01	.01	.03	.02	.02
Civil Works ..	.52	.57	.46	.51	.43	.59	.45	.48	.65	.54	.56
Receipts-in-aid of Superannuation ..	.04	.08	.10	.13	.12	.14	.16	.16	.19	.16	.15
Stationery and Printing ..	..	..	..	..	..	..	..	..	.04	.04	.04
Miscellaneous ..	.05	.05	.32	.22	.31	.38	.93	.51	.50	.44	.38
Total "Provincial" Subjects ..	16.38	22.89	21.84	20.38	19.88	20.21	21.82	22.55	22.96	21.99	21.39
Customs ..	..	..	..	..	..	..	.01	.02	.04	.01	.01
Taxes on Income ..	.21	.42	.85	.99	1.99	1.64	1.78	1.82	1.89	1.63	1.61
Salt ..	.01	..	..	..	..	..	..	..	..	..	..
Opium ..	.06	.11	.10	.14	.08	..	..	..	..	..	..
Currency ..	..	.03	.02	.01	.02	.01	.01	.02	.02	.02	.02
Total "Central" Subjects ..	.28	.56	.97	1.14	2.04	1.65	1.80	1.86	1.95	1.66	1.64
GRAND TOTAL ..	16.66	23.45	22.81	21.52	21.92	21.86	22.62	24.41	24.91	23.65	23.03

Analysis of expenditure and of its growth.—Of the total provision of 104.56 lakhs for Baluchistan the "area" grant is Rs. 79.34 lakhs. The balance, Rs. 25.22 lakhs, is intended to meet expenditure in Baluchistan under non-"area" demands, e.g., Frontier Watch and Ward (buildings and communications), Civil Works, Irrigation, etc.

The following table analyses the grant of Rs. 79.34 according to the services on which it is spent:—

	Lakhs. Rs.
I.—Direct Demands on Land and other revenues ..	4.96
II.—General Administration ..	1.57
III.—Law and Order—	
Administration of Justice ..	.73
Jails ..	2.17
Police ..	12.74
*Political ..	16.43
Frontier Watch and Ward ..	28.75
IV.—Ecclesiastical ..	..
V.—"Nation-building" Departments:—	
Education ..	3.83
Medical and Public Health ..	3.61
Agriculture Scientific Departments, etc. ..	1.62
VI.—Quit-rents and Compensations ..	..
VII.—Other Miscellaneous expenditure ..	..
	79.34

* Political has been shown under this class, because, in effect, it represents expenditure on the maintenance of law and order in tribal territory.

The following are the important heads of expenditure (with the amounts in lakhs in brackets) provided for under heads other than the "tea" demands:—

Irrigation (6·03), Interest on ordinary debt (2·36), Frontier Watch and rd (8·27), Civil Works (5·95), Ordinary and Political Pensions (·99). The regate provision for all such heads is 25·22.

Growth of expenditure.—Wherever necessary, we have explained in connection with our own proposals the reasons for the growth of expenditure under the heads concerned.

(4) *Financial position and prospects.*—The following table shows the expenditure on and the revenues from provincial and central subjects and the ditto in 1924-25 and 1931-32.

TABLE C.

Revenue Heads <i>Net</i> .					Expenditure Heads <i>Net</i> .				
Head.	Accounts, 1924-25.	Budget, 1931-32.	Increase (+) or Decrease (—).	Head.	Accounts, 1924-25.	Budget, 1931-32.	Increase (+) or Decrease (—).		
Revenue	6·35	6·28	—·07	Irrigation	1·22	5·41	+4·19		
se	6·28	5·46	—·82	General Administration.	1·64	1·57	—·07		
ps	1·92	1·83	—·09	Administration of Justice.	·15	·51	+·36		
st	—·09	—·11	—·02	Jails	·68	2·02	+1·34		
stration	·02	·03	+·01	Police	10·98	12·65	+1·67		
				Scientific Departments.	·10	·10	—		
				Education	1·99	3·42	+1·43		
				Medical	2·92	3·41	+·49		
				Public Health	·14	·15	+·01		
				Agriculture	·59	1·15	+·56		
				Miscellaneous Department.	·03	·20	+·17		
				Census	..	·71	+·71		
				Civil Works	9·12	13·66	+4·54		
				Superannuation Allowances and Pensions.	·78	·45	—·33		
				Stationery and Printing.	·02	—·03	—·05		
				Miscellaneous	5·80	2·22	—3·58		
"Provincial" Subjects.	14·48	13·49	—·99	..	36·16	47·60	+11·44		
Excess of Expenditure over Revenue				..	21·68	34·11	+12·43		
oms	..	—·13	—·13	Territorial and Political Pensions.	·46	·38	—·08		
son Income	·88	1·38	·50	Ecclesiastical	·34	·33	—·01		
n	·14	..	—·14	Political	15·75	16·43	+·68		
ncy	..	..	..	Frontier Watch and Ward.	25·04	28·75	+3·71		
"Central" Subjects.	1·02	1·25	+·23	..	41·59	45·89	+4·30		
Excess of Expenditure over Revenue				..	40·57	44·64	+4·07		
Total for Province.	15·50	14·74	—·76	..	77·75	93·49	+15·74		
Excess of Expenditure over Revenue				..	62·25	78·75	+16·50		

The excess of "provincial" expenditure over "provincial" revenue is estimated in 1931-32 to amount to as much as 34.11 lakhs. It is a remarkable fact that Police and Jails alone swallow up the entire net revenues. It is clear that the province cannot become, for a long time, self-supporting. A large subsidy from the rest of India is, and will continue to be, needed for its day-to-day administration. Considering that a deficit province must suffer a serious handicap in its political evolution, we consider it of great importance that the gap between at least provincial expenditure and provincial revenues should be narrowed as far as possible. Our proposals will help to narrow it to the extent of 10½ lakhs in all (excluding buildings and communications for Frontier Watch and Ward) and of about 4 lakhs in the "provincial" sphere.

(5) *Inchcape proposals*.—The Inchcape Committee observed that between 1913-14 and 1922-23 expenditure had increased from 53·17 to 87·61 lakhs while revenues had grown by only a little over 6½ lakhs, (*viz.*, from 16·07 to 22·64 lakhs). The increased cost of administration was attributed, mainly, to the disturbed condition of the frontier. Of the total increase of 34·44 as much as 25·15 was accounted for by “Political” (18·10). and “Police” (7·05). The committee recommended reduction of expenditure to the extent of 4·33 lakhs and proposed a regular settlement for a period of years on the same lines as in the case of the North-West Frontier Province. It thus contemplated that the future expenditure on Baluchistan should be stabilised for a term of years at 83·28 lakhs. We have only to add that this figure includes expenditure on such heads as Frontier Watch and Ward (including buildings and communications) Civil Works, Irrigation, pensions, interest charges, famine relief and other heads of expenditure incurred in the province, and that the aggregate 1931-32 provision for the corresponding services is 104·56 lakhs. Thus the province is now costing 21·28 lakhs or over 25 per cent. more than the amount contemplated by the Inchcape Committee.

(6) *Departmental proposals*.—The department has informally offered provisional reductions of expenditure as follows :—

						Budget. 1931-32.	Reduction, offered.
Land Revenue	..	..	..	..	..	3.99	.36
Other direct demands on revenue	..	..	..	..	..	.97	.11
Justice	..	..	..	..	..	.73	.01
Jails	..	..	..	..	..	2.17	.15
Police	..	..	..	..	..	12.74	1.03
Ecclesiastical		..	..	..	..	.33	.01
Political	..	..	..	..	..	16.43	1.87
General Administration		..	..	..	..	1.57	.34
Watch and Ward	..	..	..	..	..	28.75	2.14
Medical and Public Health		..	..	..	..	3.61	.40
Agriculture, etc.	..	..	..	..	..	1.62	.63
Miscellaneous	..	..	..	..	..	2.60	.13
Total	..				..	75.51	7.18

This sum of Rs. 7.18 lakhs is split up between different units as follows:—

					Budget.	Reduction.
Officers	..	..	..	..	8.88	.63
Establishments	..	..	..	..	40.23	2.23
Allowances	..	..	..	..	6.96	1.20
Other charges	..	..	..	..	19.44	3.12
Total					75.51	7.18

The aggregate reduction works out at about 9 per cent. of the "area" grant of 79.34. The department had, and presumably has, under contemplation some reduction in the provision for education, but such reduction finds no place in the figures supplied to us. If the reduction of .17 on account of the temporary cut in certain compensatory allowances ordered by Government for the current financial year is continued beyond 1931-32, the savings offered will be raised by .17 to 7.35 lakhs.

The important features of the savings offered are:—

- (i) Abolition of four posts of Extra Assistant Commissioners. These posts correspond to those of the provincial executive service in the major provinces.
- (ii) Abolition of the Fruit Farm and of the posts of Agricultural Officer and his establishment.
- (iii) Abolition of the establishment of the McMahon Museum, Quetta.
- (iv) Abolition of the Chagai Political Agency and its transfer to the charge of the Assistant Political Agent, Kalat, under the supervision of the Political Agent, Kalat. (Shorarud to be placed under the Political Agent of Quetta-Pishin.)
- (v) Abolition of the post of the sixth officer of the Zhob Militia.
- (vi) Reduction of .60 lakh in the Agency grant for petty construction and repairs.

The Agent to the Governor General has added that the reductions under Medical, Veterinary, Zhob Militia and Petty Construction and Repairs would be restored as soon as finances permitted the restoration.

(7) *Our proposals*.—As usual we shall deal, *seriatim*, with the individual heads of account.

ACCOUNT I.—Land Revenue.

The following table illustrates the growth of expenditure:—

					1924-25.	1929-30.	1930-31.	1931-32.
Charges of Administration	..	..	..	..	1.77	1.95	2.02	2.01
Land Records	..	..	..	..	.89	1.09	1.10	1.15
Miscellaneous	..	..	..	..	.16	.77	.77	.71
Works	..	..	..	..	..	.11	.28	.12
Total					2.82	3.92	4.17	3.99

The increase of $\cdot 24$ under "Charges of Administration" since 1924-25 has been due to (i) revision of pay of the clerical establishment in 1927-28, (ii) grant of house-rent and other allowances from 1928-29, in particular to establishment serving in certain remote areas, and (iii) revision of travelling allowance rates for tahsildars and naib-tahsildars. The strength of the Land Revenue establishment is the same now as it was in 1925-26.

The increase of $\cdot 26$ under "Land Records" is due to (i) the accrual of increments of pay, some increase of establishment and entertainment of outsiders in the place of reserve patwaries officiating in the permanent list; and (ii) grant of compensatory allowances to establishments stationed in remote localities. There were 158 Kanungos and Patwaries in 1925-26, 148 in 1926-27 and 152 in 1930-31. The 1931-32 provision is for 154.

The increase of $\cdot 55$ under "miscellaneous" is due to the grant of "grain" allowances and to the change in accounting under which land revenue assignments, which were formerly treated as deductions from revenue, are now treated as expenditure proper.

Under "Works" the increase of $\cdot 12$ is nominal; the cost of petty construction and repairs which used to be charged to the head "General Administration" prior to 1928-29 is now charged to Land Revenue.

Departmental offer and our proposals.—Foreign and Political Department has offered a saving of $\cdot 36$ lakh. While recognising the necessity for the maintenance of accurate records of titles and claims relating to land, we consider that a saving of $\cdot 50$ lakh should be effected. The reduced provision will still leave a reasonable increase over the actuals of 1927-28.

ACCOUNT II.—*Excise, Stamps, Forests and Registrations.*

The growth of $\cdot 36$ since 1924-25 in the expenditure under "Excise" was caused by (i) an increase of establishment and revision of pay and the consequent increase in other charges and (ii) the treatment as expenditure proper of the cost of opium supplied to the Excise Department which was formerly charged to a suspense head. "Forests" expenditure has increased by $\cdot 10$ since 1924-25 due to increase under conservancy and works, revision of pay and increase of establishment.

Departmental offer and our proposals.—The department has offered a saving of $\cdot 11$ lakh in the total budget provision of $\cdot 97$ lakh, reducing the expenditure to the level of 1929-30. We consider the offer satisfactory and recommend its acceptance.

ACCOUNT III.—*General Administration.*

The cost of the administrative and executive establishments is shown under the head "Political". The Agent to the Governor General is also the Chief Commissioner of the province. Each Political Agent is also Deputy Commissioner and the administrative head for such portion of his charge as forms part of British India. He is also District and Sessions Judge. Baluchistan is, however, essentially, a Political Agency rather than a minor British Indian Administration.

The expenditure recorded under this Account is incurred on the following services :—

(i) Treasury establishments	..	..	..	..	·28
(ii) Road-side trees, dak bungalows, Residency and other gardens, etc.					·60
(iii) Other connected expenditure	..	..	..	..	·44
(iv) Petty construction and repairs	..	..	..	..	·25
Total	..				1·57

The expenditure has varied as below :—

			1924-25.	1929-30.	1930-31.	1931-32.
Treasury establishment	..	..	·25	·28	·28	·28
Other Establishments	..	..	1·39	1·11	1·05	1·02
Establishment charges paid to other Governments	..	..	..	..	·02	·01
Works	..	..	..	·24	·31	·26
Total	..	..	1·64	1·63	1·66	1·57

The decrease of ·07 as compared with 1924-25 is nominal. Consequent on the transfer since 1924-25 of expenditure on petty construction and repairs from this head to the respective heads to which they relate, expenditure on "Works" has decreased by ·25 and that on grants-in-aid included in this account by ·01. Increase of establishments, revision of pay and the consequent growth of expenditure under Allowances and Contingencies account for an increase of approximately ·19 lakh.

Departmental offer and our proposals.—The department has offered to reduce the expenditure by ·34 lakh. The provision in the account is, to a very large extent, for the upkeep of the Residency and other gardens, road arboriculture and staging and dak bungalows. Expenditure of this type is amenable, and should be subjected, to serious reduction in times of financial stringency like the present. We propose that a reduction of at least ·40 should be made in the 1932-33 provision.

ACCOUNT IV.—Administration of Justice.

The following table shows that nominally there has been a growth of ·26 in expenditure.

		1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
Law Officers	..	·01	·01	..	·01	·02	..	·01	·01
Civil, Sessions Courts		·18	·15	·14	·16	·15	·15	·16	·17
Criminal Courts	..	·27	·34	·53	·53	·58	·57	·52	·55
Works	..	..	..	..	..	·03	..	..	..
Total	..	·46	·50	·67	·70	·78	·72	·69	·73

In fact expenditure has been almost stationary, the apparent increase being due to the transfer from the head "Political" of the cost of an Extra Assistant Commissioner working as Additional District Magistrate and Additional Judge.

The staff too has remained almost the same since 1925-26 with the exception just explained. The department has effected a reduction of .01 and we have no further reduction to suggest.

ACCOUNT V.—*Jails and Convict Settlements.*

The growth of expenditure on, and of the staff kept for, jails is very striking. The following table shows the former (in lakhs):—

1913-14.	1920-21.	1922-23.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
.34	.80	1.00	.70	.76	.96	1.18	1.26	1.20	2.44	2.17

In 1926-27 the entire staff consisted of 4 jailors and 74 subordinate establishment; the 1931-32 budget provides for a costly Superintendent of a Central Jail and 3 Deputy Superintendents each in receipt of a special pay of Rs. 50 per mensem, and a subordinate establishment of 3 Assistant Superintendents and 238 warders, etc. The heavy growth of staff and expenditure not only in the Jails budget but also, to some extent, under Police, is due to the construction and maintenance of the central jail at Mach in charge of a Military Assistant Surgeon drafted for service as Superintendent. Some of the growth is only nominal, since the administration is now meeting the cost of its own long-term prisoners, who used to be kept at Baluchistan's expense in various jails in India.

We observe a similar phenomenon in the case of the North-West Frontier Province. In either case we consider that the growth of the jail population and the necessity felt by the administration to construct and maintain its own central jail are not a favourable commentary on the system and the actual methods of dealing with crime. The increased burden to the central revenues is obvious and we hold that it should have been avoided.

Departmental offer and our proposals.—The department has offered a saving of only .15. The actual expenditure in 1929-30 was only 1.20. We concede that the new central jail must add to some extent to the cost, but must at the same time save the cost of maintaining prisoners in jails outside the province. We may here draw attention to our remarks on this subject in connection with the North-West Frontier Province. Curtailment of the provision for jails can go a long way towards the adoption of the proper policy and practice as regards the relative merits of imprisonment and other forms of reformatory action. On other grounds too we can support a recommendation for a substantial cut in the provision for jails. We have set them forth in the chapter on the North-West Frontier Province and need not reiterate them. Our recommendation is that the provision for jails should be reduced by at least .50 lakh. Even then the budget will stand at a figure 150 per cent. above the actuals of 1924-25.

We must however repeat what we have explained in the chapter on the North-West Frontier Province, *viz.*, that the scales of dieting, clothing, bedding, etc., must not be reduced in this province with its trying and extreme climate. The reduction proposed by us should be effected under establishments, allowances, etc.

ACCOUNT VI.—Police (12·74 lakhs).

TABLE.—Growth of expenditure.

	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
Pay of officers ..	·50	·42	·40	·42	·44	·40	·47	·54
Pay of Police Force and office establishment.	7·89	8·00	8·03	8·03	8·14	8·19	8·85	9·38
Travelling allowance	·38	·42	·43	·45	·52	·60	·58	·57
Other Allowances ..	1·03	1·26	1·10	1·06	1·03	1·05	1·00	1·04
Clothing and Arms and Ammunition.	·61	·59	·75	·91	·24	·48	·19	·05
Other Supplies and Services.	·10	·15	·14	·01	..	·01	·01	·01
Contingencies ..	·56	·54	·56	·50	·53	·53	·56	·49
Grants-in-aid ..	..	..	..	..	·03	·39	·58	·63
Defect—Recoveries ..	..	..	..	..	..	..	—·01	—·01
Contribution to Punjab for training school.	·05	·01	·02	·02	·02	·02	·02	·02
Works ..	..	..	..	..	·02	·05	·05	·02
Total ..	11·15	11·39	11·43	11·45	11·02	11·72	12·30	12·74

The expenditure has been rising almost continuously. The increase of police expenditure was nearly 138 per cent, viz., from 5·11 in 1913-14 to 12·16 (budget) for 1922-23. The Inchcape Committee drew attention to it and ascribed the growth of police and political expenditure to the prevalence of disturbed conditions on the frontier. Almost a decade has passed since those remarks were recorded, but no relief to central revenues has resulted so far as this expenditure is concerned. Mr. Jukes drew attention to the tendency to "over-estimating" in this budget. Even compared with 1928-29, the current provision is over 15 per cent. more.

We note that the staff too has been growing, as the following table shows :—

	1925-26.	1928-29.	1929-30.	1930-31.	1931-32.
Officers	5	5	6	6
Police Ranks	2,198	2,070	2,202	2,376
Other establishment	61	63	63	68

In this connection we must also draw attention to the heavy expenditure on frontier watch and ward by the various civil defence forces whose duties are alleged to stand midway between those of the regular Army and the armed district police. Conversely, some portion, at least, of the ordinary police including the mounted police is often called upon to perform frontier duties, e.g., dealing with outlaws, raiders and other desperados.

The department has offered a reduction of 1·03 lakhs. The details of the offer were not supplied to ..

reduction of expenditure we recommend that the provision be subjected to a block cut of 1·50 lakhs. The specific suggestions we make are :—

- (i) One of the officers' posts should be cut out. Even as late as 1929-30 there were only 5 officers. This will yield a saving of nearly ·06 and will be in accordance with Government's instructions that officers' posts in all departments should be reduced by 10 per cent.
- (ii) Until 1928-29 there used to be no special pay for the Superintendent. One of Rs. 150 per mensem is now in force. We recommend its abrogation, saving ·02.
- (iii) The growth of the police force by 8 per cent. in one year (from 2,202 in 1930-31 to 2,376 in 1931-32) is, we consider, in excess of the requirements of the province. But, in fact the growth of the police force is even greater than these figures show. In addition to the regular force we find that there is a substantial additional temporary police force costing ·20 lakh for the central jail at Mach. There is another provision of Rs. 1,300 for temporary police force. We cannot accept the reasons for such heavy growth of the police force in one year and must urge its reduction by a substantial number. Conditions in Baluchistan are comparatively quiet, at any rate more so than in the aftermath of the Third Afghan War, and the needs of the North-West Frontier Province furnish no valid analogy. We recommend that every effort should be made to work down to the 1928-29 strength.
- (iv) Inchcape Committee suggested that a reduction in the scale of pay for new police recruits seemed possible. The department explains that a reduction of ·50 was made in the provision for the pay of Head Constables and Constables and the specific question of reduced scales of pay was therefore not pursued. We are not satisfied that this was a valid ground for dropping the question and we suggest that it should be examined afresh. The times are, if anything, more propitious for the introduction of the suggested change than they were in 1922-23 or 1923-24.
- (v) In view of the low prices prevailing, the provision for police clothing and equipment should be curtailed. Since the question is already under examination by the department, we refrain from proposing a concrete figure.
- (vi) Further, we suggest that the cost of the special police force for the Mach Central Jail might be shown under the head Jails etc.; otherwise the picture of the growth of expenditure would be misleading.

ACCOUNT VII.—*Ecclesiastical.*

The 1931-32 provision is ·33 and has already been dealt with in Part II of our report.

ACCOUNT VIII.—*Political.*

The expenditure has nominally grown by only '68 lakh. In fact the growth is over a lakh and a half. This is because certain items which used to appear under "Political" now appear under "Administration of Justice" and "customs" and also because the 1924-25 figures included an unusual outlay (*viz.* '55) on a railway survey. The real growth of expenditure thus becomes 1'65 and has been caused by an expansion of staff resulting in enhanced outlay on pay, allowances and contingencies, revision of pay and accrual of annual increments.

The Inchcape Committee observed that expenditure on "Political" had been growing rapidly, having increased by over 75 per cent. in the period 1913-14 to 1922-23. This head then included Frontier Watch and Ward. Compared with the figures reviewed by that Committee expenditure has grown by about five lakhs. Under "Political", however, expenditure nominally did not grow appreciably until 1931-32.

The department has offered to reduce the expenditure by 1'87 lakhs. We consider this offer satisfactory as it will take the expenditure back to the 1924-25 level and we recommend that it should be accepted.

We may, however, draw attention to the need for scrutinising the numbers of agencies and of superior posts and the need for the grant of special pays and allowances including the language allowance. We approve the department's proposal to abolish the Chagai Agency by amalgamating part of it with the Kalat Agency and a part with the Quetta-Pishin Agency. As regards superior appointments, the need for the post of a Revenue Commissioner on the same scale of pay as in the North-West Frontier Province should be reconsidered. The "area" budget to be handled is less than one-third of that of the North-West Frontier Province and therefore the post can perhaps be abolished or at least reduced in status. The special pay of Rs. 350 to the Residency Surgeon is out of all proportion to his duties as the so-called Chief Medical Officer. It appears to be based on the analogy of the North-West Frontier Province. But the Chief Medical Officer's duties in Baluchistan (*viz.*, Medical attendance on the Residency staff, supervisory and co-ordinating charge of all medical work, examination of indents and inspection of hospitals and dispensaries) can by no means be compared with the duties of the Chief Medical Officer in the North-West Frontier Province and even in that case we have already recommended a reduction of Rs. 150 per mensem. We presume that since Quetta is the headquarters of the Western Command, army surgeons are available. We also understand that the army has got its own medical directorate at Quetta. So far as railway employees are concerned, we presume that surgeons in the employ of the railway are also available on the spot. If so we cannot understand how the duties of the Civil Surgeon can at all be very heavy with only a small civil population to look after. Hence our proposal is that this post should be amalgamated with that of the Civil Surgeon of Quetta. If the department considers this impossible on the ground that the Civil Surgeon's duties are heavy, we suggest the creation of a post on a lower scale of pay for Quetta. In any case, the Chief Medical Officer's special pay should be abolished. In the case of Delhi, Ajmer, etc., also we have

recommended such abolition. We presume that Government's instructions about the reduction of the number of officer's posts by ten per cent. will be carried out in the case of superior officers posted to Baluchistan and we trust that the posts to be abolished will be at least evenly distributed among the various grades. Since we recommend the acceptance of the reduction offered by the Foreign and Political Department, we need not examine the various heads of expenditure in detail. A casual glance at the estimates, however, shows that there are items on which expenditure can be reduced without serious inconvenience to officers or risk to the administration. We trust that though we recommend acceptance of the block out, the general line along which we have worked out our retrenchment schemes in the case of other areas, agencies and departments will be kept in view by the department in giving effect to our recommendation.

ACCOUNT IX.—*Frontier Watch and Ward.*

Excluding the provision for "Works" the cost on Frontier Watch and Ward has been as follows:—

1924-25	25-26	26-27	27-28	28-29	29-30	30-31	31-32.
25-04	25-46	26-49	27-25	27-92	28-95	28-60	28-75.

Expenditure on Frontier Watch and Ward used to be included in that on "Political" and it is not easy to work out separate reliable figures for 1913-14 and 1922-23.

We may draw attention to our general remarks relating to Frontier Watch and Ward in the case of the North-West Frontier Province. The problem of defending the Baluchistan frontier by civil formations organised, disciplined and equipped on the lines of the army, is in essence similar to, though undoubtedly smaller in scale than, that in the North-West Frontier Province. The following table shows the strength of the formations maintained for the watch and ward of the Baluchistan frontier:—

	Officers.		Men.	
	1924-25.	1931-32.	1924-25.	1931-32
(i) Zhob Militia .. .. .	.. .. . *	8	1,267	1,419
(ii) Mekran Levy Corps .. .. .	.. .. . *	3	490	503
(iii) Chagai Levy Corps	167+186

In 1927-28 an addition of 4 Indian officers and 148 men to the Zhob Militia was sanctioned with the object of restoring the pre-1919 degree of control over the Zhob Agency which had received a set-back in 1919. The Chagai Levy Corps (strength 167) was sanctioned as a permanent measure in 1929-30 with the objects of (a) replacing the regular troops till then employed for the protection of the Nushki Extension Railway, (b) watching the Afghan border near Pishingi and prevention of raids from the Pishingi and Bostan directions and (c) prevention of raids through Shorarud into Kalat. Besides the permanent portion of 167 men there is a temporary portion (186 ranks) of the Chagai Levy Corps. This portion is the additional body sanctioned in 1924 as a temporary measure to guard the Perso-Baluch border on the withdrawal of regular troops from Khwash, Mirjawa and Duzdap and from the railway stations to the west of Dalbandin. Experience showed the difficulty of controlling this additional

·40 under "Medical and Public Health". We have, generally speaking, not seen our way to recommend the acceptance of the departmental offers to reduce expenditure under such beneficent heads. In this case, however, we recommend that subject to what we have stated about special pays and allowances the department offer should be accepted.

ACCOUNT XII.—Agriculture, Veterinary, Museum, Minerological exploration and miscellaneous departments.

The budget provision for 1931-32 is 1·62 lakhs and the department has offered ·63 under this head of Account. We must enter our emphatic protest against the proposal of the department to abolish the fruit farm and the agricultural officer and establishment. In our opinion this is the industry which holds out the greatest promise for this province and it ought to be a serious concern of the department to see that horticulture is properly developed which would mean not only a source of wealth to the province but also of considerable employment to its poor inhabitants and consequentially a reduction of expenditure on the political and military forces quartered in Baluchistan. It will have generally a distinct civilising effect besides supplying the rest of India with fruits (dried as well as fresh). We further think that the railways should provide adequate facilities in the form of cold storage. If horticulture is fully developed all along the north-west frontier and Baluchistan, there should be no lack of fruits for the whole of India. Subject to these remarks we recommend that the offer be accepted.

ACCOUNT XIII.—Miscellaneous.

The 1931-32 provision is 2·60 lakhs and the department has offered a reduction of ·13.

1·515 lakhs is the aggregate of quit rents payable to His Highness the Khan of Kalat and Nushki. Compensations to that ruler and to the ruling family of Khetrar and other compensations amount to Rs. 32,400. For purposes of retrenchment, the provision of 2·60 lakhs is thus reduced to ·76 lakh. We consider the offer to effect a reduction of ·13 (i.e., 17 per cent.) satisfactory and we recommend its acceptance.

Special pays and allowances.

In the case of Baluchistan also we may draw attention to what we have stated on this subject in Chapter III (page 54) on the North West Frontier Province and we make the same recommendation, viz., that all special pays and allowances (except fixed travelling allowances and payments charged to railways, estates and other funds) should be reduced by 50 per cent. In this case also we have not been able to work out a precise estimate of the total resultant saving. But so far as we can see, our proposal should yield about ·20 lakh on officers' special pays and allowances.

(8) *Beneficent activities.*—We are distinctly of the opinion, as we have made it clear on more than one occasion that beneficent activities, e.g., education, medical, agriculture, veterinary, should not be subjected to any reduction. We have noticed that, in fact, the Government of India have so far done very little indeed to encourage the growth of such activities

expenditure on education, we contend that even then it falls short of the needs of the country.

(9) Summary of Savings.—On our proposals the expenditure under the “area” grant for Baluchistan will be reduced by 10·25 lakhs as follows :—

Account I. Land Revenue	..	..	..	..	..	50
Account II. Other Revenue Heads	..	..	..	..	..	11
Account III. General administration	..	..	..	..	..	40
Account IV. Administration of Justice	..	..	..	..	..	01
Account V. Jails	..	..	..	..	..	50
Account VI. Police	..	..	..	..	..	1·50
Account VII. Ecclesiastical (dealt with in part II)	..	..	..	..	..	..
Account VIII. Political	..	..	..	..	..	1·87
Account IX. F. W. and Ward	..	..	..	..	..	4·00
Account X. Education	..	..	..	..	..	81
Account XI. Medical and Public Health	..	..	..	..	..	40
Account XII. Agriculture, etc.	..	..	..	..	..	63
Account XIII. Miscellaneous	..	..	..	..	..	13
Special pays and allowances	..	..	..	..	..	20

In addition, we have proposed a saving of 2·25 lakhs on Baluchistan—Frontier Watch and Ward Buildings and Communications (non-areas). Further there will be some saving on the special pays, allowances, etc., of establishments of which we are unable to estimate the amount.

Out of the total saving of 12·50 lakhs about four lakhs will be a saving on the administration of “Provincial” subjects, and to this extent the existing gap between “provincial” expenditure and revenues will be narrowed.

CHAPTER V.

GRANT NO. 81.—AJMER-MERWARA.

(1) *Introduction*.—The “province” of Ajmer-Merwara is an isolated British-Indian enclave in the centre of Rajputana. It consists of two districts, viz., Ajmer and Merwara, divided for administrative purposes into three tahsils. The area is 2,710 square miles and the population a little over 5½ lakhs. Ajmer City (population nearly one and a quarter lakhs), Beawar, Kekri and the Cantonment of Nasirabad are the important urban areas. Pushkar, about 7 miles from Ajmer is an important town and one of the most important places of Hindu pilgrimage. Ajmer City contains the famous *dargah* which also attracts thousands of Muslim pilgrims from all over India.

Being in the centre of Rajputana the city of Ajmer commands an exceptionally favourable situation from the point of view of political control over the Rajputana States. It has therefore always been prized by powers aspiring to the suzerainty or political domination of Rajputana. From the Moguls it was wrested by the Rajputs who ceded it to the Marathas; the latter held it till the break-up of the Peshwa's power in 1818. In that year the Scindhia ceded the district of Ajmer to the East India Company. Under a treaty with the Scindhia concluded in 1860 five villages were added to the district.

The district of Merwara was formed out of territories taken from the Mewar and the Marwar States and placed under British administration. Subject to certain stipulations as regards the payment of revenues and the disposal of revenues in excess of certain figures the Government of India have and exercise full administrative control over both portions of Merwara. The district of Merwara was amalgamated with the district of Ajmer in 1842.

(2) *Organisation*.—This area or “province” is a true minor administration controlled by the Foreign and Political Department and is administered by a Chief Commissioner who is also Agent to the Governor General for Rajputana. His pay is charged, *in toto*, to the Rajputana estimates. The Judicial Commissioner of the Western Indian States Agency is also Judicial Commissioner for Ajmer-Merwara, but his whole pay is debited to the estimates of the former.

The district administration is on the usual lines, except that the district officer is called a Commissioner and gets a special pay of Rs. 150 p.m. He is assisted by an Assistant Commissioner and three Extra Assistant Commissioners. There is also a fourth Extra Assistant Commissioner whose post is borne on the Excise estimates; he is called Superintendent of Excise.

Wherever necessary, the staff employed for the various services will be described in the body of our proposals.

(3) *Expenditure and revenues*.—The 1931-32 provision for the “area” is 18.48 lakhs. Besides, there are provisions aggregating 17.46 lakhs but included in other demands.

The following table shows how the expenditure on the various Sub-heads of the “area” grant and on certain grants provided under other demands has grown. In this connection we draw attention to our remarks in connection with the Delhi grant. In particular, the provision of 14.62 lakhs for the payment of interest on ordinary debt and the major portion of 2.15 for pensions with the administration of Ajmer-Merwara as such.

Expenditure on.	1922-	1924-	1925-	1925-	1927-	1928-	1929-	1930-	1931.
	23.	25.	26.	27.	28.	29.	30.	31.	32.
Land Revenue	1.25	1.17	1.22	1.30	1.23	1.31	1.36	1.32	1.33
Excise .. ..	.29	.29	.35	.38	.37	.37	.36	.37	.37
Stamps .. ..	.06	.06	.07	.07	.06	.18	.06	.06	.07
Forest .. ..	.40	.49	.55	.80	.83	.76	.81	.76	1.19
Registration .. ..	.02	.02	.02	.03	.03	.02	.02	.03	.03
General Administration ..	1.61	1.32	1.42	1.57	1.60	1.46	1.55	1.44	1.52
Administration of Justice..	.94	1.00	1.03	1.11	1.12	1.15	1.23	1.22	1.24
Jails etc. .. ..	.58	.56	.55	.55	.60	.52	.49	.60	.62
Police	3.86	3.57	3.90	3.76	3.71	3.67	3.69	3.79	3.68
Scientific Departments ..	.05	.03	.04	.04	.04	.04	.04	.04	.05
Education	2.38	2.32	2.48	2.64	3.36	3.66	4.17	4.52	4.95
Medical .. ..	.68	.72	1.31	1.29	.91	.84	.99	1.26	1.22
Public Health .. ..	.02	.02	.04	.04	.04	.04	.04	.04	.04
Agriculture, etc. .. ..	.21	.26	.28	.29	.45	.43	.43	.44	.45
Miscellaneous Departments	.02	.01	.05	.06	.05	.07	.07	.08	.08
Famine Relief .. ..	..	..	.09	.90	..	..	..	..	1.31
Pensions, etc.	1.94	1.39	1.93	1.72	1.78	1.75	1.92	2.06	2.15
Stationery and Printing ..	.10	.03	.03	.05	..	..	.01	.01	.01
Miscellaneous charges ..	.21	.25	.18	.17	.17	.17	.18	.23	.18
Total "Provincial" ..	14.62	13.51	14.57	16.77	16.35	16.54	17.42	18.27	20.59
Taxes in Income .. ..	.06	.07	.09	.09	.09	.10	.10	.10	.11
Ecclesiastical .. ..	.19	.23	.19	.22	.13	.18	.14	.15	.16
Currency .. ..	.35	.26	.35	.59	.41	.38	.30	.35	.35
Territorial and Political Pensions.	.01	..	..	..	..	..	..	.01	.01
Census .. ..	..	..	..	..	..	..	..	.03	.03
Total "central" .. ..	.61	.56	.63	.90	.63	.66	.54	.64	.66
Grand Total	15.23	14.07	15.20	17.67	16.98	17.20	17.96	18.91	21.25

The following table gives the details of revenue and receipts under each head. It will be seen that the latest figures are in the neighbourhood of 17 lakhs.

			1924-	1925-	1926-	1927-	1928-	1929-	1930-	1931-
			25.	26.	27.	28.	29.	30.	31.	32.
Land Revenue	..	..	2.78	2.67	2.32	3.00	3.15	2.55	2.90	2.93
Excise	..	..	7.09	7.14	6.88	7.08	7.44	7.16	6.60	6.70
Stamps	..	..	2.63	2.58	2.71	2.98	3.04	3.03	3.18	3.18
Forests	..	..	.66	.73	.67	.77	.88	.94	.90	.92
Interest	..	..	.40	.46	.36	.34	.55	.38	1.40	.39
Registration	..	..	.12	.12	.12	.13	.13	.15	.14	.14
Administration of Justice	..	..	.54	.30	.24	.22	.22	.23	.18	.20
Jails and Convict Settlements	..	..	.12	.12	.10	.16	.15	.12	.14	.15
Police	..	..	.04	.05	.06	.09	.08	.10	.03	.03
Education	..	..	.35	.36	.39	.34	.37	.39	.38	.37
Medical	..	..	.01	.01	..	.01	.01	.01	.01	.01
Miscellaneous Departments	..	..	.02	..	..	..	.03	.03	.10	.10
Superannuation Allowances and Pensions.	..	..	.03	.02	.04	.33	.01	.04	.04	.04
Stationery and Printing	..	..	..	..	..	..	..	.07	.07	.06
Miscellaneous Charges	..	..	.02	.03	.10	.29	.03	.05	.02	.01
Total "Provincial Subjects."			14.81	14.53	13.99	15.16	16.07	15.25	15.09	15.23
Taxes on Income	..	..	2.62	2.45	2.01	2.73	3.07	3.80	2.12	2.12
Customs	..	..	.92	.90	..	..	..	..	..	..
Currency	..	..	..	.01	.01	..	..	.01	.01	.01
Total 'Central' Subjects			3.54	3.36	2.02	2.73	3.07	3.81	2.13	2.13
Grand Total			18.35	17.89	16.01	17.89	19.14	19.06	17.22	17.36

After a review of the revenue and expenditure position Mr. Jukes' conclusion was that this province was a "deficit" one to the extent of about four, or, if receipts from central subjects be excluded, six lakhs. Since he wrote, the gap has become wider. But his conclusion has been challenged, mainly on the ground that under the present arrangements for its administration the province has to bear some expenditure which is in essence foreign to it. The issue is important from the point of view of the place which should be assigned to it in the future constitution of India. We have not had time to examine this question critically and we are content to leave it open.

Analysis of the growth of expenditure.—There has been no major change to explain the growth of expenditure. Hence we consider it will be more useful if we give reasons for the growth of expenditure, wherever necessary, in the body of our proposals and as explanatory thereof rather than analyse the reasons in one place.

(4) *Inchcape proposals*.—The Inchcape Committee remarked that expenditure on Ajmer-Merwara had grown from 9.09 lakhs in 1913-14 to 15.33 lakhs in 1922-23. Although the receipts (10.50 lakhs) taken into consideration by that Committee were in excess of the expenditure (17.30 lakhs), it felt constrained to observe as below :—

“ We have recommended economies to the extent of Rs. 40,600. We have, however, been unable in the time available to go into details in the case of this small but expensive administration and we recommend that a special enquiry should be made on the spot with a view to effect immediate reduction of establishment as was done in the case of Coorg ”.

Accordingly Mr. Campbell was appointed to review the expenditure of Ajmer-Merwara. He made various proposals. From the table given in paragraph (3) it will be seen that in fact the expenditure grew by over 9 lakhs during the period 1924-25 to 1929-30. We shall, if necessary, refer to detailed proposals made by the Inchcape Committee under Police, etc., in the body of our own proposals. Here we may only observe that the growth of expenditure has taken place largely under the heads "Education", "Civil Works", "General Administration", "Administration of Justice", "Forests", "Irrigation", "Medical" and "Pensions".

(5) *Department's proposals.*—The department has offered a reduction of 2.45 lakhs as shown below :—

						1931-32 Budget. Reduction.	
						Rs.	Rs.
Land Revenue	..	..	..	..	..	1-33	0-14
Excise	..	..	..	..	..	0-37	0-01
Stamps	..	..	..	..	..	0-06	..
Forest	..	..	..	..	..	1-20	0-14
Registration	..	..	..	..	..	0-03	..
General Administration	..	..	..	..	..	1-52	0-02
Administration of Justice	..	..	..	..	..	1-24	0-03
Jails and Convict Settlement	..	..	..	..	..	0-62	0-01
Police	..	..	..	..	..	3-68	0-32
Ecclesiastical	..	..	..	..	..	0-16	..
Museum	..	..	..	..	..	0-05	..
Medical	..	..	..	..	..	1-22	0-21
Public Health	..	..	..	..	..	0-04	..
Agriculture	..	..	..	..	..	0-45	0-04
Miscellaneous Departments	..	..	..	..	..	0-07	..
Famine Relief	..	..	..	..	..	1-31	1-31
Miscellaneous charges	..	..	..	..	..	0-18	0-03
Details awaited	..	..	..	..	..	..	0-19
Total						13-53	2-45

It will, however, be noticed that the offer includes a saving of the entire provision, viz., 1.31 lakhs on account of Famine Relief. This reduction is automatic and although it does help the budget position for 1932-33, it can no sense be regarded as genuine retrenchment.

On the total "area" grant of 18.48 lakhs this works out at a little over 13 per cent. or if 1.31 lakhs offered under "Famine Relief" be excluded, 6.2/3 per cent. The aggregate budget provision of the items on which the reduction has been offered is 13.53 lakhs; on this basis the reduction offered works out at 18 per cent. and excluding the savings under famine relief at a little over 9 per cent.

Distributed under sub-heads, the reductions will appear as shown below :—

						1931-32 budget. Reduction.	
						Rs. (in lakhs).	Rs. (in lakhs).
Pay of officers	..	..	..	..	..	2.15	0.04
Pay of Establishments	..	..	..	..	..	6.03	0.55
Allowances	..	..	..	..	..	0.61	0.10
Other charges	..	..	..	..	..	4.74	1.76
Total						13.53	2.45

The department has also explained that the entire grant under the major head "Education", and the reductions proposed thereunder were at the time under scrutiny in the Department of Education, Health and Lands and therefore could not be included in the scheme of savings supplied to us.

(6) Our proposals.—

ACCOUNT I.

Land Revenue.—The 1931-32 provision is 1.33 lakhs. In 1922-23 the expenditure was 1.25. In consequence of the retrenchment campaign of 1922-23 the actuals of 1924-25 were 1.17 lakhs. The department has offered a saving of .14 lakh, which would take the expenditure, practically speaking, to the 1924-25 level. We recommend a reduction of .16. Although in the Skeleton Scheme supplied by us to the Finance Department in December 1931 we had recommended a reduction of .20, we have found reason to revise our recommendation slightly.

Excise.—The 1931-32 provision is .37. The department provisionally offered a saving of .01. The staff maintained consists of a Superintendent (Rs. 300—800) who has reached the maximum of his scale and six clerical and 34 subordinate executive establishment. We recognise that Excise is a very important head of the revenues of this province, the actual receipts of 1929-30 being 7.16 lakhs. We think, however, it should not be difficult to save .02.

Stamps.—The 1931-32 provision is .06 lakh. The expenditure is not amenable to reduction, since most of it is for charges for the sale of stamps and the value of stamps supplied from the Central Stamps Store Depot. We have no proposals to make.

Forests.—The 1931-32 provision is 1.195 lakhs. An Extra Assistant Conservator on Rs. 250—750 with a special pay of Rs. 100, a forest establishment of 57 and a ministerial and inferior establishment of 13 is the staff maintained in connection with forests. Apart from the cost of establishment, the main items of expenditure are (a) the removal by Government Agency of timber, etc., (b) rent of leased forests and payment to shareholders in forests managed by Government and (c) arboriculture on the Beawar-Dewair road in Merwara. The department has offered a saving of .14 lakhs. We observe that the actual expenditure of 1929-30 was .81 lakh. In that year conservancy, maintenance and regeneration cost .41 lakh against the budget provision of .79 lakh in 1931-32. Again we observe that the estimated receipts for 1931-32, viz., .92 are slightly worse than the actual receipts of 1930-31, viz., .94.

Our proposals regarding forests are :—

(a) The 1931-32 budget contains a provision of Rs. 35,000 for the payment of rent in respect of leased forests and payments to shareholders in forests managed by Government. These payments become due once in five years; the last payments were made in 1926-27. The Chief Commissioner has agreed that in the interests of reduction of expenditure the payments should be spread over three years. On his own proposals there should be a reduction of expenditure by .20 for 1932-33. Besides, we suggest that the Department might consider the question of making these payments annually so that the budget position might not undergo violent fluctuations every fifth year.

(b) The department has offered to reduce the expenditure by .14 lakh. We consider that there is considerably more scope for retrenchment. The following statement of Revenue and Expenditure in 1924-25 and 1931-32 will in this connection prove useful :—

Expenditure.

	Actuals, 1924-25.					Budget, 1931-32.
	Rs.					Rs.
Conservancy and Works—						
Non-voted	35,000
Voted	24,227	44,400
Establishments—						
Pay of officers	19,821	9,400
Pay of establishment	19,500
Other charges	5,977	7,400
<i>Deduct</i> —Share of establishment charges transferred to “ 52-A—Forest Capital Outlay ”	—1,100
Interest on Forest Capital Outlay	1,100
Share of Capital charges financed from ordinary revenues	3,800
Total	49,125	1,19,500
Increase Rs.	70,375	

Revenue.

Actuals, 1924-25.	Budget, 1931-32.
Rs.	Rs.
66,062	92,000
Increase Rs.	— 25,938

The department's view is that the expenditure incurred was essential in the interest of enhanced forest revenues, e.g., by the construction of new feeder roads to open up forest areas otherwise inaccessible. It points out that forest revenues as a whole have increased from .66 in 1924-25 to .92 (estimated) in 1931-32. It holds that retrenchment may jeopardise future revenue and impair the value of forests and involve the risk of waste of the expenditure already incurred.

The case made out by the department does not sound convincing to us and we draw attention to the following matters :—

- (1) Arboricultural operations for which a provision of Rs. 11,500 has been made in the 1931-32 estimates appear to us to be a local activity and not one to be financed from central revenues. In any case new arboricultural schemes or portions of such schemes can be held in abeyance.
- (2) The department undertakes certain commercial operations, for example, the manufacture of charcoal, the alleged ground being that the forests are so situated that private exploiters are not attracted. The result, however, is that 80 per cent. of the total cost is incurred on account of manufacture and transport by carts and coolies. The department thinks that if this departmental exploitation is stopped, the price of charcoal in Ajmer city would rise. We do not believe that such commercial operations are appropriate for a Government department. Besides, the principle underlying this view amounts, in our opinion, to a direct discouragement of private enterprise. We recommend that this activity be stopped and all resultant economies be given effect to.
- (3) We are not sure that in the present financial stringency further investment in "Conservancy, Maintenance and Regeneration" is necessarily a sound policy. We think that the programme should be slowed down and the voted provision for this should be reduced.
- (4) Of the increased expenditure about .12 is a permanent increase due to the increase of establishment and revision of the pay of the Extra Assistant Conservator and his establishment and the consequential increase in travelling and other allowances. We consider that expenditure on account of the staff has been allowed to grow disproportionately to the growth of the forest revenues, and propose that both establishments and expenditure should be reduced. It should be possible to employ an Extra Assistant Conservator of lower standing in place of the present officer; and in any case the special pay of Rs. 100 should be abolished.

In the aggregate the department should reduce the expenditure to the level of 1929-30, i.e., by .38 lakh, including an automatic saving of .20 already explained above.

Registration.—The 1931-32 provision is .03. A ministerial and inferior establishment of five is maintained in connection with Registration. Apart

from the provision for its pay there is only a small provision of Rs. 200 for other charges. We have no recommendation to make.

ACCOUNT II.—*General Administration.*

The expenditure has grown from 1·32 in 1924-25 to 1·52 provided in the current budget. The peak was reached in 1927-28, when the expenditure went up to 1·60.

The superior staff has already been described. The ministerial and inferior staff numbers 97.

The department has offered a saving of ·02 lakh. We consider this inadequate.

The "Commissioner's" charge is light and the officer is borne on the regular cadre of the Political Department. Hence, we think, no special pay should be required.

In 1925-26 the strength of the district establishments was only 83. In 1931-32 it is 97 and the provision for temporary establishment is Rs. 3,100 as against Rs. 1,500 in 1925-26. We consider that establishment has been allowed to grow unduly rapidly. In our tentative proposals we had recommended a reduction of ·09. We observe that Government have effected a reduction of ·22. We have nothing more to suggest.

ACCOUNT III.—*Police.*

The district executive police is controlled by a District Superintendent of Police assisted by a Deputy Superintendent. The force itself consists of 38 subordinate officers and 823 ranks. An office establishment of 13 clerks and servants in addition to 5 others makes up the rest of the establishment in connection with the police.

The expenditure has not grown very much. It was 3·57 in 1924-25 and the revised estimates and the budget provision for 1930-31 and 1931-32 are 3·79 and 3·68, respectively. We also note that the strength of the force has remained more or less stationary. The department has offered a saving of ·32 lakh, and subject to what we state below, we consider the offer acceptable.

We are not quite sure that a small area like Ajmer-Merwara needs both a Superintendent and a Deputy Superintendent. We may here draw attention to the fact that there are an Inspector General of Police, a Superintendent and a Deputy Superintendent of Police in charge of the Rajputana Police. Instances can be given of ordinary districts of the size of Ajmer-Merwara where the police is controlled and administered by a Superintendent without the assistance of an Assistant or a Deputy. We therefore suggest that the post of Superintendent of the Railway Police might perhaps be amalgamated with that of the District Superintendent as, we understand, has recently been done in the United Provinces. If necessary, another Deputy Superintendent might be appointed to relieve the Superintendent of his routine duties.

In addition other economies should be effected so as to bring the total to ·50 lakh.

ACCOUNT IV.—*Education* (4·95).

The provision for Education has more than doubled since 1924-25. The departmental scheme of reduction supplied to us did not mention any specific amount by which it was proposed to reduce the expenditure on Education. We now observe that the expenditure has been reduced by ·64. We are not prepared to accept any responsibility for this reduction. The policy we have always pursued is that there should be no reduction in the expenditure on Education which in fact has not derived benefit to anything like the extent of the needs of the country.

ACCOUNT V.—*Other Expenditure Heads.*

A. Administration of Justice.—We have already stated that the Judicial Commissioner of the Western India States Agency is also Judicial Commissioner for Ajmer-Merwara. But his entire pay is debited to the Western India States Agency budget. The Commissioner is the Districts and Sessions Judge. An additional District and Sessions Judge (pay Rs. 1,000—1,200) and two subordinate Judges (pay Rs. 300—800), a Judge of a small cause court (pay Rs. 300—800) and a City Magistrate on the same scale are the judicial officers maintained for the district. The 1931-32 provision is 1·24 lakhs. Expenditure has been growing steadily as will be seen from the following table :—

1922-23.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
·94	1·00	1·03	1·11	1·12	1·15	1·23	1·22	1·24

Establishments have grown only in the following two cases :—

	1925-26.	1931-32.
General Establishment	26	28
City Magistrate's Establishment	25	31

In other cases we observe that there has been no appreciable growth. It thus appears that a good deal of the growth has been caused by factors other than the growth of staff. The department has offered to effect a reduction of ·03 lakh. We recognise that a large proportion of the expenditure on judicial administration is incurred on the staff's pay.

In the skeleton scheme we suggested a reduction of ·10. On further consideration, however, we think that the department should effect a reduction of ·04.

B. Jails and C. Jail Manufactures.—The Civil Surgeon is in superintending charge of the jail and gets a special pay of Rs. 150. A whole-time jailor (Rs. 200—240) and an establishment of 50 including a dyer form the subordinate jail establishment. The 1931-32 combined provision for these sub-heads is ·62 lakh. The actuals for 1929-30 were ·49 lakh. The main items under which increased provisions have been made are dieting, clothing and similar charges and jail manufactures. The increased provisions were probably made in anticipation of political disturbance resulting in a larger jail population. The department has proposed a saving of Rs. 1,000. In our opinion, however, it should not be difficult to effect a reduction appreciably in excess of the departmental offer. To start with we consider that the jail duty allowance to the

Civil Surgeon should be reduced to Rs. 100—the same as that recommended by us for Delhi. Secondly, we observe that against an establishment of 38 in 1926-27 the establishment now numbers 50. This increase works out at nearly 32 per cent. in five years. In our opinion the staff is excessive. A reduction by at least five should be made; saving Rs. 1,540. Besides, as a mere result of lower prices of food stuffs, clothing, etc., it should be possible to save at least 10 per cent. over the provision of Rs. 32,000 for dieting clothing, etc. We may draw attention to the fact that this provision is about Rs. 8,000 in excess of the actuals of 1929-30.

The specific economies suggested by us amount to over .05 lakh and we recommend that expenditure should be reduced by at least .05 lakh. We must, however, make it clear that no reduction whatever should be made in the scales (qualitative and quantitative) of dieting, clothing and other facilities, amenities or concessions available to the prisoners. To the extent that a fall in prices enables any reduction to be made in the budget provision for jails, we have, of course, no objection to such reduction.

D. Ecclesiastical.—The total provision for Ecclesiastical is .16 lakh and has already been dealt with in Part II of our report.

E. Medical.—The 1931-32 provision is 1.22. The expenditure has grown as below :—

1922-23.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
.68	.72	1.31	1.29	.91	.94	.90	1.26	1.22

Medical staffs consist of (a) a Civil Surgeon, an Additional Civil Surgeon and two Assistant Surgeons, and (b) a clerical and inferior establishment of 12 and a medical establishment of 35. In the 1931-32 estimates there is, in addition, a further provision of .02 for the employment of establishments in connection with the medical and public health programmes. The Additional Civil Surgeon's appointment appears to have been created anew in 1926-27. The ministerial and inferior establishment which is 12 at present was only 7 in 1925-26. The medical establishment has grown by only one during these six years. The department has offered a reduction of .21. We do not, however, know the details. Presumably it is proposed to effect most of the saving under grants-in-aid for medical purposes, the expenditure on which was Rs. 1,340 in 1929-30 against the estimates of Rs. 26,200 and Rs. 22,900 in 1930-31 and 1931-32, respectively. If any portion of the 1931-32 provision for grants-in-aid is for a non-recurring purpose, we have no objection to the departmental offer of the non-recurring portion being accepted. Otherwise in a beneficent department like Medical we cannot see our way to recommend the acceptance of the departmental offer, particularly under grants-in-aid. Some scope for retrenchment such as would not detract from the utility of the department to the public is, however, available and we proceed to indicate it below.

There is a provision of Rs. 3,000 per annum for a duty allowance to the Civil Surgeon. Ajmer is not a very large city and instances can be quoted of Civil Surgeons of bigger stations and in charge of larger districts who get no duty allowance or special pay. If this duty allowance is the special pay to the Civil Surgeon for his duties as Chief Medical Officer, we recommend its abolition as we did in the case of Delhi, etc. We may here remark that even on our pro-

posals the Civil Surgeon would still continue to get a special pay of Rs. 100 for the jail charge, Rs. 100 fees from the Mayo College and Rs. 100 charges recoverable from Tonk State. Opportunities for private practice available in this, the most important city and political centre in Rajputana, should by themselves suffice to attract competent members of the I. M. S. to this post. We therefore urge that the duty allowance (or special pay) of Rs. 250 should be abrogated; saving .03.

Even including the city of Ajmer the district has a small population and if one Civil Surgeon could carry on his duties up to 1925-26 without the assistance of an Additional Civil Surgeon, we see no reason why the Additional Surgeon should be needed now. His post should therefore be abolished. If necessary, an Assistant Surgeon might be appointed to look after X-Ray work.

Thus we unconditionally recommend an aggregate reduction of expenditure by .09 lakh. To this may be added .20 lakh which, we assume, is the provision of account of non-recurring grants-in-aid for medical purposes. The total reduction recommended by us thus works out to .29. But if our assumption is not correct, the reduction would be .09 lakh. In our summary of savings we shall assume the former figure.

F. Public Health.—The provision for Public Health is Rs. 4,100, out of which all but Rs. 600 is on account of the pay of a superintendent and vaccinators. We have therefore no recommendation to make.

G. Agriculture.—This sub-head includes the following minor heads:—

- (a) Agriculture.
- (b) Veterinary charges.
- (c) Co-operative credit, and
- (d) Grants-in-aid.

The major portion is on account of the Co-operative movement in charge of an Extra Assistant Commissioner. Although the department has offered a reduction of .04 lakh, we cannot see our way to recommend its acceptance, our reason being that it is a beneficent activity which should not be curtailed.

H. Museum.—A non-gazetted superintendent on Rs. 150—200, a Curator and two servants are maintained in connection with the Museum. The 1931-32 provision also contains a new item, viz., a personal pay of Rs. 50 per mensem to the Curator of the Rajputana Museum. The department has not offered any saving; we cannot suggest any either.

1. Other Miscellaneous departments.—The total provision of .08 is on account of a registration clerk, an allowance to an Electrical Inspector, fees to certifying surgeons and payment to the Punjab Government for the factory inspection staff. The only item where we consider reduction not only feasible but also desirable relates to the provision of Rs. 3,400 for the travelling and other allowances of an Electrical Inspector. We understand that at present the Inspector who is in the service of Jaipur State goes all the way from Jaipur

to Ajmer and occasionally to Abu and Nasirabad to do his inspections; this arrangement is obviously wasteful. In our opinion it should not be difficult to make arrangements for an officer from the local railway staff to take up this work at considerably less cost, possibly at one-half of it. The provision under this head might therefore be reduced by Rs. 1,700.

J. Famine Relief.—The current provision of 1.31 automatically disappears and, as proposed by the department, this item should be deleted from the 1932-33 budget.

K. Miscellaneous charges.—The provision is Rs. 15,000 contribution to the Ajmer District Board and Rs. 2,600 for various miscellaneous items. The department has offered a reduction of '03 lakh. We recommend acceptance of this offer.

(7) *Summary of savings.*—On our proposals the total saving will be 1.71 lakhs plus an automatic saving of 1.31 provided for famine relief in the 1931-32 estimates, as follows:—

<i>Account I.—</i>							
Land Revenue	..	..	..	..	..	..	-16
Excise	..	..	..	..	..	..	-02
Stamps	..	..	..	..	..	..	Nil.
Forests	..	..	..	..	..	..	-33
Registration	..	..	..	..	..	..	Nil.
<i>Account II.—General Administration</i>							
							-22
<i>Account III.—Police</i>							
	..	..	..	..	..	..	-50
<i>Account IV.—Education</i>							
	..	..	..	..	..	..	Nil.
<i>Account V.—</i>							
Administration of Justice	..	..	..	..	..	..	-04
B.—Jail and C.—Jail Manufacture	..	..	..	..	..	..	-05
D.—Ecclesiastical	..	..	..	..	..	..	Nil.
E.—Medical	..	..	..	..	..	..	-20
F.—Public Health	..	..	..	..	..	..	Nil.
G.—Agriculture	..	..	..	..	..	..	Nil.
H.—Museums	..	..	..	..	..	..	Nil.
I.—Other Miscellaneous Departments	..	..	..	..	..	..	-02
J.—Famine Relief	..	..	..	..	..	..	1.31
K.—Miscellaneous charges	..	..	..	..	..	..	-03
Total							3.02

(8) *Question of amalgamation.*—We have confined ourselves strictly to retrenchment under the present constitution and administrative arrangements. In our questionnaire, however, we had raised the issue whether in the Foreign and Political Department's opinion it was feasible to amalgamate the administration of Ajmer-Merwara with that of either the United Provinces or of any other province. The fact that we ourselves have made no recommendation on this subject should not be interpreted to imply our approval of the present position. We are content to leave a comprehensive review to be undertaken in connection with the place to be assigned to the minor administrations in the new constitution for India.

CHAPTER VI.

GRANT No. 83.—RAJPUTANA.

(1) *Introductory*.—For the maintenance of political relations with the Rajputana States, the Government of India maintain under their own control an Agent to the Governor-General with headquarters at Mount Abu and Ajmer. The only areas in Rajputana under the direct administration of the Central Government are (i) the British Indian district (called “province”) of Ajmer-Merwara, of which the Agent to the Governor-General is the Chief Commissioner, (ii) the leased area on which stands the combined Civil Station and Cantonment of Mount Abu and (iii) railway lands, the policing of which is under the unified control of the Agent to the Governor-General-cum-Chief-Commissioner.

(2) *Historical*.—The Marathas claimed and exercised some degree of political control over the various States in Rajputana from Ajmer, which was the headquarters of the Scindia’s representative. In 1817 arrangements were made with various Rajputana States in pursuance of the policy of “subordinate alliance”, whereby British protection and territorial integrity were guaranteed to those Indian States, which undertook to subject their political and external relations to the control of the British Government. Among the first to accept such an alliance were Udaipur, Jaipur, Kotah, Bundi, Karauli, Banswara, Dungarpur and Kishengarh. The outlying states of Jaisalmer and Bikaner were not brought within the orbit of this system immediately. By the end of 1818, however, they too were included in the system. There are at present 18 States and 2 Chiefships in direct relations with the Government of India through the Agent to the Governor-General, Rajputana, and the Agents and Residents subordinate to him.

(3) *Organisation*.—(i) Prior to 1922-23 there were seven Political Agencies and Residencies with the Agent to the Governor-General, Rajputana, at their head. In the interests of retrenchment one of these agencies had been abolished just before the Inchcape Committee’s report issued. At present there are the following subordinate Political Agencies and Residencies:—

Designation.	Headquarters.
Political Agent of Harauti and Tonk	Deoli.
Resident, Western Rajputana States	Jodhpur.
Resident at Jaipur	Jaipur.
Resident in Mewar and Political Agent, Southern Rajputana States	Udaipur.
Political Agent, Eastern Rajputana States	Bharatpur.

There are also two Assistancies, viz., Kherwara and Kotra.

The Agent to the Governor-General has a Secretary and an Under-Secretary to assist him; the Under-Secretary is also District Magistrate of Abu. The

following are the more important of the other appointments under the Agent to the Governor-General's control:—

(ii) (A) *Medical*.—The Civil Surgeon of Ajmer is also Chief Medical Officer for Rajputana and gets the following allowances:—

- (a) A special pay of Rs. 250 as Chief Medical Officer, Rajputana.
- (b) A special pay of Rs. 150 as Superintendent of the Jail.
- (c) A special pay of Rs. 100 for the visiting charge of the Jaipur Residency.
- (d) Rs. 100 charges recoverable from the Tonk State.
- (e) Rs. 100 fees from the Mayo College.

It will be seen that the three special pays aggregating Rs. 500 are a charge on central revenues.

An Additional Civil Surgeon of Ajmer, who gets a special pay of Rs. 50 for holding medical charge of the Government College, Ajmer.

A Residency Surgeon for the Mewar Residency at Udaipur, who too gets various special pays and allowances aggregating Rs. 450.

(B) An Inspector-General of Railway Police, Rajputana, who also works as Police Assistant to the Agent to the Governor General and as Director of the Opium Contraband Department, Rajputana and Central India. He gets pay on the usual Deputy Inspector-General's scale.

There are also a Superintendent and Deputy Superintendent of Government Railway Police, the former at Ajmer and the latter at Indore. The former gets a special pay of Rs. 150 and the latter a special pay of Rs. 75.

(C) A Judicial Commissioner for Ajmer-Merwara. The whole of his pay (Rs. 3,000 *plus* Overseas Pay) is, however, debited to the estimates of the Western India States Agency.

(D) A number of miscellaneous appointments.

(4) *Expenditure*.—(i) *Explanation*.—Apart from charges connected with the political relations with the Rajputana States and with the maintenance of the Mina Corps, the more important heads of expenditure included in the budget of this Agency are (i) Irrigation, (ii) Police and (iii) Civil Works. Irrigation and Civil Works provisions are shown under the respective "subject" grants. The expenditure on Irrigation in fact relates to Ajmer-Merwara and consists of charges for the maintenance, repair, etc., of tanks in that district. As regards Civil Works, the Rajputana Circle of the Public Works Department executes works in Ajmer-Merwara as well and the combined expenditure of the two areas is shown under Rajputana. The bulk of the Police expenditure is incurred on account of the Railway Police maintained at Mount Abu.

(ii) *Growth*.—The following table shows how expenditure on the Rajputana Agency has grown :—

	1924- 25.	1925- 26.	1926- 27.	1927- 28.	1928- 29.	1929- 30.	1930- 31.	1931- 32.
Land Revenue ..	·05	·05	·06	·05	·05	·06	·06	·06
Excise ..	·01	·01	·19	·54	·60	·56	·66	·67
Irrigation ..	1·99	1·87	1·91	1·95	1·87	2·09	2·14	2·09
Administration of Justice ..	·24	·20	·18	·21	·19	·21	·20	·21
Police ..	3·70	3·85	3·78	3·73	3·87	4·01	3·94	3·92
Education ..	·83	·83	·82	·85	·88	·97	·95	·97
Medical ..	·04	·07	·05	·18	·07	·08	·05	·08
Public Health ..	..	·10	..	·01	·01	·01	..	·03
Civil Works ..	5·98	4·95	6·38	7·21	8·55	7·92	8·28	6·20
Famine Relief ..	..	..	..	·01	..	..	..	..
Stationery and Printing ..	·01	·01	·01	·01	·01	·01	·01	·01
Miscellaneous Charges	·51	·53	·50	·51	·51	·52	·52	·52
Total "Provincial" Subjects ..	13·36	12·47	13·88	15·26	16·41	16·44	16·81	14·76
Ecclesiastical ..	·03	·03	·03	·02	·02	·02	·02	·02
Political ..	6·58	6·25	6·60	6·86	6·69	6·76	6·65	6·90
Total "Central" Subjects ..	6·61	6·28	6·63	6·88	6·71	6·78	6·67	6·92
GRAND TOTAL ..	19·97	18·75	20·51	22·14	23·32	23·22	23·48	21·68*

* If expenditure on Census (·64) and Refunds (1·13) be added, the total expenditure amounts to 23·46 lakhs. (Difference is due to rounding).

It will be seen that of the total real expenditure of 21·68 lakhs 'Police' accounts for a little under 4 lakhs, 'Political' a little under 7 lakhs and 'Civil Works' and 'Irrigation' between them for 8·29 lakhs.

(5) *Inchcape proposals*.—At the time the Inchcape Committee reported the budget provision for Rajputana was 6·76 lakhs, viz., 2·26 lakhs for the headquarters and 4·50 for the subordinate agencies. Of the seven Residencies and Agencies one had already been abolished (saving ·53) and the Department had proposed further economies aggregating ·38 lakh.

As regards Police expenditure that Committee observed that a saving of ·18 had been effected or proposed by the Department and it made the following recommendations :—

- (i) If the contribution of ·15 by the Durbars concerned towards the cost of investigation carried on by the Rajputana Agency police was, as suggested, to be remitted, the total expenditure too should be reduced and in the alternative the amount of the contribution which had been fixed in 1911 should be raised.

- (ii) The arrangement whereby the Rajputana-Malwa Railway (now the Bombay, Baroda and Central India Railway, Metre Gauge) contributed 1.52 lakhs towards the cost (*viz.*, 2.18 lakhs) of the Rajputana police on account of the "Watch and Ward" duty performed for the Railway by that police should be revised and a proper share of the cost of the service rendered should be recovered.
- (iii) The post of Inspector-General and his separate establishment could be abolished without serious inconvenience, (saving at least .50) and further economies effected in the expenditure on 'Supplies' and 'Contingencies'.

For 1923-24 that Committee recommended a provision of 3 lakhs *gross*, adding that this was the actual expenditure in 1920-21. If the Railway contribution of 1.52 towards the cost of the police be deducted, the net provision recommended would correspond to a little under 1.50 lakhs for the entire police force under the control of the Agent to the Governor-General including the railway police but excluding the police in the British-Indian district of Ajmer-Merwara.

(6) *Departmental offer.*—The Department informally offered the following reduction of expenditure under the various heads:—

						Budget 1931-32 (in lakhs).	Reduction (in lakhs).
Land Revenue	..	..	..	..	..	0.06	..
Excise	..	..	..	..	..	0.67	0.47
Justice	..	..	..	..	..	0.21	0.03
Police	..	..	..	..	..	3.82	0.24
Ecclesiastical	..	..	..	..	..	0.02	..
Political	..	..	..	..	..	6.91	0.74
Education	..	..	..	..	..	0.97	0.06
Medical	..	..	..	..	..	0.08	..
Public Health	..	..	..	..	..	0.03	..
Miscellaneous Department	..	..	..	..	..	..	..
Miscellaneous	..	..	..	..	..	0.52	0.01
Details not available	..	..	..	..	..	..	0.18
Total						13.39	1.75 = a little over 13%

The proposed reduction when distributed under various heads would work out as follows:—

Pay of officers	..	..	..	..	..	0.76
Pay of establishments	..	..	..	..	..	0.48
Allowances	..	..	..	..	..	0.19
Other charges	..	..	..	..	..	0.23
						1.75

(7) *Our proposals.*—We shall make our proposals under the various sub-heads of expenditure.

ACCOUNT I.—POLICE.

(i) The expenditure on this service has grown from 3·70 in 1924-25 to 3·92 in 1931-32. The growth has taken place in spite of the fact that the Rajputana police has, we presume, been relieved of watch and ward duty in respect of the Bombay, Baroda and Central India Railway. So far as we can ascertain, this function is now performed direct by the Railway through a special staff under its own control, and the Railway's contribution of 1·52 has now ceased. We observe that the 1931-32 estimate for receipts under this sub-head is ·58; it is so low that we conclude that it does not include any contribution by the Railway towards the gross cost of the police. Besides, we observe that the strength of the force in 1922-23 was a Superintendent and an Assistant Superintendent (the post was actually held by a Deputy Superintendent) and 550 police ranks; we find that the 1931-32 estimates also provide for the same two officers and for a force of a little over 500. These facts go to show that while the Railway contribution towards the cost of the Railway police, which was well over 50 per cent. of the total cost, has disappeared, *relief in the shape of a reduction of the strength of the force does not exceed 9 per cent.* We are therefore forced to the conclusion that although the Inchcape Committee had made its proposal with a view to relieving the central taxpayer's burden, the burden has actually increased. In essence it means that as against an expenditure of 3·70 minus 1·52 lakhs in 1924-25 and against about 1½ lakhs contemplated by the Inchcape Committee the estimated expenditure in 1931-32 is 3·92 lakhs. On the assumption that the facts stated above are correct we recommend a reduction of ·75 lakh in the police expenditure in addition to the reduction of ·75 lakh on account of the specific proposals made below.

(ii) Like the Inchcape Committee we too hold that for a small area like Rajputana the expensive post of an Inspector-General of Police and his establishment are not necessary. We recommend their immediate abolition. The resultant saving should be about ·64 lakh.

(iii) The Department has offered a saving of ·24 under the head 'Police'. We have not been supplied with details, but we assume that a part of the saving offered was intended to be effected under other Police heads, *e.g.*, the police at Abu, the Criminal Investigation Section, etc. We have already disposed of the two main sub-heads, but we consider that some reduction, say, ·11 at least, should be possible in the remaining sub-heads.

We may add that even after giving effect to our proposals, the 'Police' budget will be reduced to 2·42 lakhs. Even this budget will be 60 per cent. higher than the *net* budget (*i.e.*, minus the Railway contribution) recommended by the Inchcape Committee.

ACCOUNT II.—POLITICAL.

The 1931-32 provision is 6·91 lakhs. The Department has offered a reduction of ·74 lakh under this sub-head. We understand that the maintenance of the Mina Corps does not involve any net charge on the central revenues, and we presume that the department's offer does not include any reduction, effected or proposed, of the expenditure on the Mina Corps (*vide* C. page 94). In the absence of details of the departmental offer, we can only

suggest a few broad lines along which, *inter alia*, expenditure under A—Political Agents (5·17 lakhs), B—2—Other charges (·10 lakh) and C—Entertainment charges (Rs. 100) could and should be reduced by at least one lakh. Our specific suggestions will yield about 1·20 on the first two items as follows :—

(A) *Headquarters of the Agency.*—(i) The Agent to the Governor-General has a Secretary, an Under-Secretary and a Personal Assistant. We consider that a Secretary and an Under Secretary should be sufficient. It should not be difficult for the Agent to the Governor-General to get a competent clerk or stenographer from his regular office establishment to work as a part-time Personal Assistant.

(ii) The 1931-32 budget estimates contain a provision of ·08 for a Financial Assistant (pay Rs. 300—800). We observe that in the somewhat analogous cases of the Central India Agency and the Western India States Agency there is no such post in existence even now. The total “ area ” budget of this Agency is only 13·39 lakhs ; the budget is not big enough to justify an expensive post of Financial Assistant. We recommend that this appointment should be abolished.

(iii) The special pay of Rs. 250 to the Civil Surgeon for his duty as Chief Medical Officer should, for reasons which we have explained in the case of Delhi, North-West Frontier Province, Central India and the Western India States Agency, be abolished.

(iv) We observe that an allowance of Rs. 100 per mensem is paid to an officer of the Royal Army Medical Corps for civil medical duty. Considering that Ajmer-Merwara has two Civil Surgeons (one of these posts being a recent creation) and that Mount Abu is a sanatorium, we see no adequate justification for this allowance. The provision should be deleted in the future budgets.

(v) Even so late as 1930-31 there were in all 60 ministerial and inferior establishment posts ; there are 64 now. We cannot satisfy ourselves why establishment should have been allowed to grow in this manner. We presume, however, that the department has taken this factor into consideration in arriving at the savings offered and we therefore refrain from making a specific recommendation in this respect.

(vi) There are numerous other minor heads of expenditure where we think reduction of expenditure is feasible. In their case also we refrain from making specific recommendations and prefer to include the possible savings in the block cut of one lakh proposed by us.

(vii) Finally, we should like to observe that before the Inchcape Committee reported, the cost of the headquarters portion of the Rajputana Agency was 2·26 lakhs ; it has now gone up to 2·49 lakhs. Apart from the additional expenditure necessitated by the accrual of annual increments, we can see little reason for the growth of expenditure in an agency where, so far as we can see, work has not increased appreciably in volume or complexity. Unlike some other agencies, e.g., the Western India States Agency, political conditions in Rajputana appear to be, broadly speaking, the same as they were a decade ago. The specific proposals made by us above will enable it to be reduced by approximately ·14. If reduction of expenditure under Establishment charges and

other minor heads be also taken into consideration, we think it will be possible to work to the figure recommended or accepted by the Inchcape Committee.

(B) *Subordinate Political Agencies*.—Our specific proposals under this head are :—

(i) Although there are only five Political Agencies now as against six in existence at the time of the Inchcape Committee's report, we consider the number excessive especially when the State of Bikaner is, we understand, now in direct relations with the Agent to the Governor-General. We may institute a comparison with the Western India States Agency. That Agency deals with a very large number of States and Estates. Owing to the peculiar political conditions prevailing at the time of Colonel Walker's settlement with the Kathiawar States, the Western India States Agency has certain special functions to perform of which there is no counter-part in the Rajputana Agency. The exercise of "residuary jurisdiction" is an important illustration of such special functions. Again, owing to the greater progress of the States under the political control of the Western India States Agency, various problems, political and other, arising in that Agency are much more complex than those which arise in the case of the Rajputana States. Thus, questions connected with the Railway system of Kathiawar and problems arising out of treaties and engagements relating to Customs and Salt revenues are almost unknown in Rajputana. Nevertheless the Western India States Agency has only three subordinate political agencies (prior to 1924 there were as many as six) and none of the 17 "salute" states comprised in that Agency deals with the Political Agents as intermediate links. We note that the Rajputana States are "salute" states, and on the analogy of Western India should be in a position to deal direct with the Agent to the Governor General. Hence, apart from the fact that communications in Rajputana are less developed than in Kathiawar, there is, *prima facie*, little reason why Rajputana should have more than three subordinate political agencies. Owing to the rapid development of communications, particularly motor transport, and the recent trend of political developments, we consider that there is no longer the same necessity as there was a decade ago for the maintenance of a large number of subordinate political agencies. Further, we think that Assistancies can, if necessary, be created to take the place of the present full-fledged political agencies. On these grounds we recommend that the feasibility of reducing the number to three should be considered.

We have not got the necessary information to enable us to evolve a cut and dried scheme. But tentatively we may suggest that the Eastern Rajputana States Agency might be absorbed in the Jaipur Residency and the Haraoti and Tonk Agency might be absorbed in or attached to the Udaipur Residency as an Assistancy of the "residential" type. Some redistribution of jurisdictions would perhaps be necessary.

(ii) We observe that the Mewar Residency is unique in having a Residency Surgeon attached to it. In our opinion this arrangement is an anachronism. This post should therefore be abolished, saving -13. In fact, we believe that this question is already under the department's consideration.

(iii) We observe that there are provisions of Rs. 100 per mensem each for allowances for medical visiting or inspecting charge in the budgets of the Jaipur Residency, Jodhpur Residency and the Eastern Rajputana States Agency. Except in so far as the services of officers not serving under the Central Government are utilised, we consider that such visiting or inspecting duty should be regarded as part of the regular duties of the officers concerned and we recommend that these allowances should be abolished.

(iv) As regards savings likely to result from our recommendations or suggestions, we presume that the abolition of one Political Agency will result in a reduction of expenditure by .50 (the 1931-32 provision for the Agency whose abolition we have tentatively suggested is Rs. 54,000) and that the conversion of another Agency into an Assistancy will yield an additional .25 (approximately). To these may be added .13 on the abolition of the post of Residency Surgeon, Mewar. Thus we assume that there would be a saving of approximately .88 from our proposals relating to the subordinate political agencies.

(C) *Mina Corps*.—A question was raised whether the Mina Corps still continues to serve the purpose for which it was originally raised and whether any change of policy in this respect is needed. Some of us are sceptical as to the utility of this Corps in the conditions obtaining to-day, and we may draw attention to what we have stated in Chapter XXII, especially in regard to the Mewar Bhil Corps. We have, however, been given to understand that the maintenance of this Corps does not in any way affect central revenues. On this presumption we refrain from making any recommendation with a view to effecting economy in its maintenance.

ACCOUNT III.—OTHER EXPENDITURE.

(i) The following provisions are small and we do not consider it necessary to examine them in detail for ourselves :—

A.—Land Revenue	..	..	..	..	..	-06
F.—Medical	..	..	..	..	..	-08
G.—Public Health	..	..	..	..	..	-03
H.—Miscellaneous Departments	..	..	..	..	Rs.	400

(ii) The bulk of the expenditure under I.—Miscellaneous (·52) represents compensations to Kishengarh and Sirohi States; here also we refrain from detailed examination. We shall therefore confine our scrutiny to 'Excise', 'Administration of Justice' and 'Education'.

(iii) *Excise*.—As regards 'Excise' the department has offered -34 out of a total provision of -665. We consider the offer adequate and recommend its acceptance. We presume that the department's idea is to curtail the activities of the Excise Bureau.

(iv) *Administration of Justice*.—As regards 'Administration of Justice', the provision is .21 and the department has offered a saving of .03. Considering that the provision is for a Railway Magistrate (Rs. 300—800) and three servants attached to the Railway Magistrate and for an establishment of four (*viz.*, a Judicial Moharir and three process servers) attached to the court of the District Magistrate of Abu and for certain other incidental charges, we hold the departmental offer adequate and recommend its acceptance.

(v) *Ecclesiastical*.—This has already been dealt with by us in Part II of our Report.

(vi) *Education*.—The total provision for 'Education' is Rs. 97,200, the two biggest items being Rs. 53,400 for grants to non-Government arts colleges (including presumably the large grants to Mayo College) and Rs. 40,400 for grants-in-aid to non-Government secondary and primary schools.

The department has offered a saving of .08. As we are averse to recommending reduction of any grant for educational purposes we will be prepared to accept the proposal of the department only to the extent to which it covers the grant to the Mayo College which in our opinion should be maintained by the Chiefs for whom it is almost exclusively intended. In this connection we invite attention to our remarks* regarding the grant-in-aid to the Daly College at Indore.

We assume that the provision in the central estimates for the post of "Indian Leave Reserve Master" will no longer be needed owing to the re-organisation of the Mayo College. The Government of India are not now concerned with the pay, leave and pension contributions or with the retention or otherwise of the post. The provision for this item is Rs. 2,200.

We assume that the total saving from our proposals will be about .55.

(8) *Summary of savings*.—On our proposals we expect a total saving of 3.55 lakhs as below :—

Account I.—Police	1.50
Account II.—Political	1.00
Account III.—Other Expenditure heads.—	
Excise .. .. .	.34
Administration of Justice .. .. .	.03
Education .. .. .	.55
	.92
Total ..	3.42

* Chapter VII, paragraph XXI, page 113.

CHAPTER VII.

GRANT NO. 84—CENTRAL INDIA.

(1) *Introductory*.—The agency through which political relations are maintained with the Indian States in the territories known as Bundelkhand, Baghelkhand and Malwa is the Central India Agency with Indore as headquarters. The Agent to the Governor General is one of the nine first class Residents. Until recently he had four subordinate political agencies under his control, viz., (i) Bundelkhand, (ii) Baghelkhand, (iii) Bhopal and (iv) Southern States of Central India and in Malwa. Recently as a measure of retrenchment one agency has been brought under reduction. Of the 28 "salute" and 68 "non-salute" Indian States in political relations with the Government of India through this agency the most important are Indore and Bhopal. Some of the States are mere estates or jagirs. The Agents have to exercise "residuary jurisdiction" on behalf of certain small States; in this respect the position is analogous to that in Kathiawar, Orissa, the Central Provinces, etc.

The area and population of each of the four Agencies are as follows :—

				Area in square miles (round figures).	Population (1931 Census).
(a) Bundelkhand	..	..	..	10,100	1,289,015
(b) Baghelkhand	..	..	..	14,700	1,839,256
(c) Bhopal	..	..	..	9,100	1,051,976
(d) Southern States and Malwa	..	..	..	8,200	1,116,636
Total				42,100	5,296,883

Central India is also one of the minor administrations and comprises a number of "administered areas" of the usual type, i.e., civil stations, cantonments and railway lands. Besides, it comprises two British-Indian enclaves, Panth Piploda and the Pargana of Manpur; the latter comprises 30 villages and has an area of 49 square miles. Its population is 6,852 and revenue is Rs. 38,700. We may also add that the cantonment of Sehore was returned to Bhopal State a few years ago and the Residency bazaars at Indore were renditioned to Indore State on 1st August 1931.

(2) *Organisation*.—The 1931-32 estimates contain provisions for the following staff :—

A.—Headquarters.

An Agent to the Governor General, a Personal Assistant (on a pay of Rs. 150), a Secretary, an Under Secretary, a Treasury Officer on Rs. 450—750 (who was also the *de facto* financial adviser to the Agent to the Governor General), an Attaché on Rs. 300—450, a Surgeon (who also holds visiting charge of the Southern States Agency and medical charge of the Malwa Agency) and an Assistant Surgeon. There is also a provision of Rs. 4,200 for the part-time services of a District and Sessions Judge from one of the districts of the Central Provinces.

The following special pays and allowances are drawn by some of the above mentioned officers :—

- (i) The Agent to the Governor General gets a sumptuary allowance of Rs. 250 per mensem.

- (ii) His Secretary used to get a charge allowance of Rs. 200, but this allowance appears to have been abolished recently.
- (iii) The allowances payable to the Chief Medical Officer (Residency Surgeon) are :—
- (a) Rs. 250 special pay as Chief Medical Officer.
 - (b) Rs. 100 special pay for visiting medical charge of the Southern States Agency.
 - (c) Rs. 50 special pay for the supervision of the medical and sanitary arrangements of the Malwa Bhil Corps.
 - (d) Rs. 100 allowance from the Southern States Dispensary Fund.
 - (e) Rs. 250 as Superintendent, King Edward Hospital, Indore.
 - (f) Rs. 150 as Superintendent, King Edward Hospital Medical School, Indore.
 - (g) Rs. 100 supervision of the medical and sanitary arrangements of the Daly College.
 - (h) Rs. 100 supervision of the Dhar State Medical Department.
 - (i) Rs. 25 supervision of Rutlam State Dispensary.
 - (j) Rs. 16-10-8 supervision of Jaora State Dispensary.
- Total Rs. 1,141-10-8. His substantive pay is Rs. 1,500 p.m. *plus* overseas pay £ 30 p.m.

The Assistant Surgeon is incharge of the Central India Agency jail and his special pays and allowances aggregating Rs. 175 per mensem consist of the following items :—

- Rs. 50 for his work as Assistant Residency Surgeon.
- Rs. 50 for work as Personal Assistant to the Chief Medical Officer.
- Rs. 75 for holding charge of the Jail.

The headquarters establishments for which provision exists in the 1931-32 estimates consist of 34 ministerial (of which 13 are for treasury work and 21 for work in the Agency office) and 29 inferior appointments, in addition to a jail establishment of 35 costing in all -16 lakhs.

B.—Political Agencies.

(i) Southern States Agency (headquarters Manpur) is incharge of certain Central Indian and also of the Malwa States for which there was a separate Agency till 1925. The temporary post of an Assistant Political Agent which was in existence since March 1929 has recently been abolished and replaced by that of an officer on special duty in Central India. The Residency Surgeon, Indore, holds "visiting" charge of the "Southern States" portion, and "medical" charge of the Malwa portion, of the Agency. The establishments consist of 14 clerks, 8 servants, 2 jail and 2 police.

(ii) Bundelkhand (headquarters Nowgong) and Baghelkhand (headquarters Sutna) Agencies used to have separate political agents. But they have recently been amalgamated into one agency. The budget for the Bundelkhand Agency also contains a provision for a combined Treasury and Judicial Officer on Rs. 450—600 and a Surgeon on the usual scale of pay. The Political Agent, Bundelkhand, used to get a charge allowance of Rs. 300 per mensem, but this appears to have been abolished recently. The Surgeon attached

to this Agency gets the following special pays and allowances :—

- (a) Special pay of Rs. 100 for additional duties caused by the abolition of the appointment of Agency Surgeon, Baghelkhand.
- (b) Rs. 25 special pay. (The amount used to be Rs. 50 p.m.)
- (c) Rs. 300 compensatory allowance recoverable from Indian States.
- (d) Rs. 100 allowance for supervision of the Orchha State Medical Department.

Total Rs. 525.

Establishments consist of 15 ministerial and 14 inferior for Bundelkhand and 10 ministerial and 8 inferior for Baghelkhand, *i.e.*, 25 ministerial and 22 inferior for the two. We do not know the strengths under the amalgamation scheme recently introduced. But, we understand that the agency office at Sutna has been maintained more or less intact.

(iii) Bhopal Agency is in charge of a Political Agent and has a Surgeon (on Rs. 950—1,250) attached to it. The Political Agent gets a sumptuary allowance of Rs. 100 per mensem. The Surgeon's special pays and allowances are as below :—

- (a) Rs. 400 for supervision of sanitation and medical work in Bhopal State.
- (b) Rs. 60 for holding charge of eight dispensaries paid for by certain States in the Bhopal Agency.

There are 11 ministerial and 11 inferior appointments for this Agency.

C.—Other Staff at Headquarters or in the Agencies.

In addition to the staff mentioned above the following officers are also maintained in connection with the Central India Agency :—

- (i) *Police*.—A Superintendent and two Deputy Superintendents of Police (one of whom gets a compensatory allowance of Rs. 100). The Superintendent also works as Assistant to the Agent to the Governor General in the Criminal Branch and gets a compensatory allowance of Rs. 100.
- (ii) *Judicial*.—One Judicial Officer at Mhow, one at Neemuch, one at Sutna and one at Nowgong. The Judicial Officers at Sutna and Nowgong also work as Indian Assistants to the "Political Agent in Bundelkhand and Baghelkhand" at Sutna and Nowgong respectively.
- (iii) *Miscellaneous*.—(a) An Excise and Opium Commissioner in Central India who also works as Adviser on Excise and Opium in Rajputana. He gets pay on the superior time-scale for the Indian Civil Service *plus* a special pay of Rs. 300. The post dates from 1907 and has always been, as it still is, maintained on a temporary basis.
- (b) Allowances are paid to the Executive Officers of Mhow, Nowgong and Neemuch cantonments for the performance of excise duties in their respective cantonments (the amounts being Rs. 60, 40 and 30 per mensem respectively).
- (c) Registrar, Central India Agency, and Treasury Officer, Indore.

The holder of this post is at present on leave and the Under-Secretary to the Agent to the Governor General is carrying on the duties of the Treasury Officer in addition to his own duties.

- (s) Census Superintendent for India who gets a special pay of Rs. 200. This post is, of course, temporary.

D.—Manpur Pargana.

A subordinate executive establishment of 40 (including 28 village headmen called patels) and an inferior establishment of 19 (including 13 village police—chowkidars) are maintained for this pargana of 30 villages.

(3) *Expenditure and Revenue and their growth.*—Table (A) shows the progress of expenditure and has been prepared on the lines of Mr. Juke's Review. Table (B) shows Receipts. In view of the importance of Political expenditure its progress has been set forth in a special Table (C). A table showing the growth of the numbers of officers, clerks and inferior servants maintained from the Political grant is given in paragraph (6) (xiii).

TABLE A.

	1912-1914.	1922-1923.	1924-1925.	1925-1926.	1926-1927.	1927-1928.	1928-1929.	1929-1930.	1930-1931.	1931-1932.
Land Revenue	·52	·27	·28	·28	·28	·28	·28	·28
Excise	·57	1·10	1·05	·86	·97	·94	·98	·75	·85
Stamps	·01	·01	·02	·02	·02	·02	·02	·02	·02
Forest	·11	·12	·11	·10	·11	·12	·12	·13
Registration	·02	·01	·02	·02	·02	·01	·01	·01
General Administration	·04	·10	·10	·12	·09	·10	·11	·13	·12
Administration of Justice	·09	·42	·51	·56	·54	·56	·56	·56
Jails	·04	·04	0·3	0·2	·02	·03	0·2	·02
Police	1·55	2·82	2·39	2·31	2·27	2·20	2·28	2·20	2·11
Education	·68	1·07	1·02	1·01	1·01	1·70	1·24	1·28	1·27
Medical	1·32	·54	·61	·53	·56	·86	·62	·59	·51
Public Health	·01	..	·01	..	..	·37
Agriculture	·01	..	..	..	..	·06
Miscellaneous Departments	·01	·01	..	·01	..	..	·01	·01
Civil Works	6·46	*	5·51	5·82	6·29	6·24	6·36	6·84	6·60
Pensions	·40	·83	·93	1·42	1·37	1·30	1·15	1·14	1·20
Stationery and Printing	·06	·09	·02	·02	·02	·02	·02	·02	·02
Miscellaneous	·59	·52	·49	·61	·49	·48	·47	·26	·26
Total "Provincial" Subjects.	†	7·87	13·00	13·84	13·49	14·92	14·09	13·97	14·45	14·33
Opium	·08	·11	·08	·05	..	..	..	..	..
Ecclesiastical	·30	·38	·28	·32	·31	·27	·26	·27
Political	3·63	5·81	5·77	5·27	5·07	5·31	5·24	5·75	6·19
Currency	·01	·04	·09	·05	·06	·06	·06	·05	·06
Territorial and Political Pensions	·37	·51	·33	·36	·32	·31	·44	·29	·30
Total "Central" Subjects	..	6·77	6·65	6·01	5·82	5·99	6·05	6·36	6·81	6·75
Grand total for the "area"	..	14·64	19·65	19·85	19·31	20·91	20·14	20·33	21·26	21·08

*Figures not available.

†Real totals cannot be given.

TABLE B.—RECEIPTS.

	1922-1923.	1924-1925.	1925-1926.	1926-1927.	1927-1928.	1928-1929.	1929-1930.	1930-1931.	1931-1932.
Land Revenue
Excise
Stamps
Forests
Registration
Administration of Justice
Jails and Convict Settlements
Police
Education
Miscellaneous Departments
Civil Works
Superannuation Allowances and Pensions
Stationery and Printing
Miscellaneous Charges
Total 'Provincial' Subjects
Taxes on Income
Currency
Tributes
Total 'Central' Subjects
Grand Total

TABLE C.—POLITICAL.

	1913-1914.	1922-1923.	1924-1925.	1925-1926.	1926-1927.	1927-1928.	1928-1929.	1929-1930.	1930-1931.	1931-1932.
<i>A.—Political Agents—</i>										
Pay of officers
Pay of establishment
Allowances, etc.
Supplies and Services
Contingencies
Grants-in-aid
<i>B.—Miscellaneous—</i>										
Deduct—Recoveries
Entertainments charges
Total

Analysis.—We may now explain some of the important reasons for the growth of expenditure and the variations of receipts.

(i) *Excise.*—Part of the fall in the expenditure was a true saving due to a revised agreement under which the compensation payable to Indore Durbar was reduced by nearly 10.

(ii) *General Administration*.—Increased expenditure was caused by the appointment of a Tahsildar in place of a Head Qanungo.

(iii) *Administration of Justice*.—Increase was due to the appointment of special judicial officers to take over work from Cantonment Magistrates. The transfer took place in 1924-25, but its full financial effect was not felt until the following year.

(iv) *Education*.—Increase due to the five-year programme.

(v) *Miscellaneous*.—The apparent decline is only nominal and is due to the transfer to "Political" of the payment made to Indore State on account of the Partabgarh tribute.

(vi) *Political*.—Compared with 1925-26, expenditure has grown by -83. To a certain extent it is obscured by accounting changes, e.g., transfer from the head "Political" to the head "Miscellaneous". Passage and other concessions, accrual of annual increments and creation of certain new posts account for the increase. The appointment of a part-time District and Sessions Judge contributed to the growth of over -64 in the expenditure in 1931-32.

As regards *revenue* we need only state that Excise revenue has gone down considerably, partly because of the rendition of Sehore and recently of the Indore Residency Bazaars.

(4) *Inchcape Proposals*.—The Inchcape Committee ascertained that Expenditure and Receipts had grown as shown by the following two tables. The savings proposed by it have also been shown in the first table.

Expenditure with Head of Account.						1913-14.	1921-22.	1922-23.	Savings
								Revised Budget.	proposed.
						Rs.	Rs.	Rs.	Rs.
Excise	..	..	..	..	..	-56	1-06	1-31	..
Police	..	..	..	..	..	1-46	2-22	1-56*	-44*
Political	..	..	..	..	..	3-63	5-98	5-88	-21
Medical	..	..	..	..	..	1-32	-57	-61	..
Education	..	..	..	..	..	-68	-85	-83	..
Civil Works	..	..	..	..	..	6-46	8-91	9-00	..
Other heads	..	..	..	..	..	1-79	2-95	2-83	-09
Total						15-89	22-54	22-02	-74

*The estimated expenditure on Police for 1922-23 took into account a deduction of -39 to meet the cut made by the Assembly. The actual expenditure was, however, estimated at 2-44 and the Inchcape Committee proposed to reduce this figure in 1923-24 to 2-00. Thus the total savings proposed by the Committee amounted to -74.

Receipts	7-28	11-86	11-75	..
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It observed that as a result of action taken by the Department itself the budget estimate for 1922-23 was -53 less than the revised estimate for 1921-22. All the same it recommended reductions amounting to -30 and in fact, as explained above, -74, and added that a further local enquiry into the expenditure including Civil Works was very desirable. One of its concrete proposals was that the question whether it was necessary to maintain the then existing number of agencies should be examined. As a result the Malwa Agency was absorbed into the Southern States Agency. Of its other proposals we shall take note while formulating our own.

(5) *Departmental proposals*.—The department informally intimated to us that it was prepared to agree provisionally to a total reduction of 3·23 lakhs as suggested by the local administration. It also undertook to supply, at a later date, details showing the more important items of the proposed retrenchment and allocation of the savings under different major heads and units. The detailed scheme reproduced below represents retrenchments actually carried out in the budget estimates for 1932-33.

				In lakhs.	
<i>Under Account I—</i>					
Land Revenue	..	..	..	..	·002
<i>Excise—</i>					
Reduction due to the rendition of the Indore Residency Bazaars and less compensation payable to the Indore Durbar	..	..	..	·046	·068
Reduction in ministerial charges	..	..	..	·012	
Reduction in allowances, etc.	..	..	..	·010	
Stamps	..	..	..	..	·004
<i>Forest—</i>					
Reduction on allowances, etc.	..	..	..	..	·013
Registration	..	..	..	..	·005
<i>Under Account II—</i>					
<i>Police—</i>					
Reduction in Police Forces	..	..	..	·201	·321
Reduction in ministerial charges	..	..	..	·016	
Reduction in allowances, etc.	..	..	..	·104	
<i>Under Account III—</i>					
<i>Political—</i>					
Amalgamation of the Bundelkhand and Baghelkhand Agencies	..	..	..	..	·368
Reduction due to the abolition of three posts of Assistant Political Agent, Manpur, Attaché and Registrar, Indore Residency	..	..	..	..	·196
Reduction in ministerial charges	..	..	..	..	·068
Reduction in allowances, etc.	..	..	..	..	·075
Lump cut on account of retrenchment under consideration	..	..	..	..	·440
<i>Under Account VI—</i>					
General Administration	..	..	..	..	·003
<i>Justice—</i>					
Reduction due to the rendition of the Residency Bazaars	..	..	..	..	·089
Reduction in ministerial charges	..	..	..	..	·013
Reduction in allowances, etc.	..	..	..	..	·012
Jails	..	..	..	..	·004
Ecclesiastical	..	..	..	..	·066
<i>Education—</i>					
Reduction due to the rendition of the Residency Bazaars	..	..	..	..	·039
Reduction in the Daly College grant	..	..	..	..	·030
Abolition of the post of Inspector of Primary Schools	..	..	..	..	·020
<i>Medical—</i>					
Reduction in contingencies, etc.	..	..	..	..	·015
<i>Public Health—</i>					
Reduction due to the rendition of the Residency Bazaars	..	..	..	..	·370
Reduction under contingencies	..	..	..	..	·002
<i>Agriculture—</i>					
Abandonment of agricultural development of Manpur Pargana	..	..	..	..	·057
<i>Miscellaneous—</i>					
Reduction due to the rendition of the Residency Bazaars	..	..	..	..	·194
Other reductions	..	..	..	..	·003

Actual reduction effected is thus nearly .65 lakh short of the provisional offer. Presumably further retrenchment is still under consideration.

(6) *Our proposals.*—As usual we shall deal with each Account separately.

*Account I.—Direct Demands on the Revenues.**

(i) *Land Revenue.*—The provision of Rs. 27,800 is for the payment of compensations. The department has effected a reduction of Rs. 200. We can suggest no more.

(ii) *Excise.*—Excise expenditure aggregates Rs. 84,800 including Rs. 22,200 for the payment of compensations and Rs. 10,000 for the purchase of opium. The district executive appointments include the post of Excise Commissioner who gets pay on the superior I. C. S. time-scale *plus* a special pay of Rs. 300 per mensem. Allowances to executive officers aggregate Rs. 1,600. Including a provision of Rs 6,600 for temporary establishment the total provision on account of the pay of establishments proper is Rs. 21,500.

The department has offered to reduce the expenditure by Rs. 6,800. We note that a good deal of this is automatic saving consequent upon the rendition of the Indore Residency Bazaars. We consider the offer inadequate and proceed to make our own proposals.

In the light of the progressive decline of the importance of opium revenue since the adoption of the policy* of bringing the exports of "provision opium" to an end by 1935, we are doubtful if it is necessary to retain the post of a special "Excise and Opium Commissioner for Central India and Adviser on Opium and Excise Affairs in Rajputana". The rendition of Sehore and of the Indore Residency Bazaars must have reduced his direct administrative work. Further, we observe that no other Agency has such an expensive post even though somewhat complex excise problems have to be faced in, *e.g.*, the Western India States Agency. So far as we can judge, his duties mainly relate to opium questions in Malwa, Rajputana and Central India and his work as Excise Commissioner is not appreciably heavier than that of the chief excise officer in other corresponding agencies. Though the post dates from 1907, it has always been, and still purports to be, temporary. We suggest that the entire position should be reviewed in the light of the altered circumstances. For the present we are inclined to hold that one of the headquarters staff should now be able to look after such work as still remains, enabling this post to be abolished. Saving will be .21 on pay and special pay and also about .05 on overseas pay.

Even if the post is retained, we must urge that a suitable share, not less than one-half, of the cost of this officer and his office should be charged to the grant relating to "opium". Opium accounts are now maintained on commercial lines and for the sake of a true picture of the real aggregate expenditure on Opium, we consider that it is necessary to charge Opium with a due share of expenditure incurred in the interests of the Government of India's opium revenue and policy. We may here refer to the fact that the Opium grant is being† charged with half the cost of the Income-tax, Commissioner,

* *Vide* Part II of our Report [Chapter IV, paragraph (2), page 45].

† A full-time Opium Agent is however in contemplation in connection with the 1931-32 retrenchment campaign.

U. P. *cum* Opium Agent. Holding as we do that this office is maintained principally to look after opium questions, we see no reason why the whole expenditure should be charged to "Central India".

In any case, we think the justification for a special pay at Rs. 300 is no longer what it used to be even seven years ago. We propose its abolition.

The Executive Officers of the Mhow, Nowgong and Neemuch cantonments are paid Rs. 60, Rs. 40 and Rs. 20 p.m. respectively for performance of the duties of local excise authorities in their respective cantonments. We presume that Cantonment Magistrates used to be in charge of excise work. Whether this be so or not, this allowance should be abolished. We cannot see why excise work should now be regarded as onerous or extraneous to the duties of the Executive Officers of the Cantonments, who also are maintained from central revenues. If Army Department demand a *quid pro quo* for their part-time services in connection with excise work, the question should be considered on its own merits. But we hold that there is no justification for the payment of these allowances to the individual officers.

On our proposals there will be a reduction of expenditure of .36 lakh as below :—

Rs.

22,400 on the pay and allowances of officers.

7,500 (approximately) on the pay of establishments which, we presume, can and will be reduced by about one-third, partly because of the rendition of the Indore Residency Bazaars and partly owing to the abolition of a special officer.

2,000 Reduction in the provision for travelling allowance.

1,000 Reduction in the provision for Contingencies.

1,000 Contribution (this saving is automatic).

2,200 (approximately) on account of the reduced compensation payable to Indore Darbar.

36,100

If, however, our proposal to abolish the Excise Commissioner's post is rejected, the excise expenditure can and should be reduced by at least .10.

(iii) *Stamps*.—The provision is only Rs. 1,800 and is for the payment of charges for the sale of judicial and non-judicial stamps. We recommend acceptance of the departmental offer of Rs. 400.

(iv) *Forest*.—The total provision is Rs. 12,000 out of which Rs. 4,900 is for conservancy, maintenance and regeneration and Rs. 5,000 is for the pay of a staff of fifteen. By way of reduction in allowances, etc., the department has offered to reduce the expenditure by Rs. 1,300. We agree that there is not much further room for reduction. But we think the programme of "conservancy, maintenance and regeneration" should be slowed down a little and a total reduction of Rs. 2,000 effected.

(v) *Registration*.—The 1931-32 provision is only Rs. 1,300, mostly for house-rent and other allowances and the department has offered a reduction of Rs. 500. The offer may be accepted.

(vi) On our proposals the total reduction of expenditure under Account I will be .39 lakh.

Account II—Police.

(vii) The expenditure on Police has varied as shown below :—

1913-14.	1922-23.	1924-25.	1929-30.	1930-31.	1931-32.
1.46	2.89	2.36	2.20	2.10	2.12

But the rendition of the cantonment of Sehore and the recent retrocession of the Indore Residency Bazaars vitiate a real comparison, unless the figures are adjusted.

The administered areas where the agency police is stationed and their populations are as below :—

(1) Indore Residency	15,148
(2) Mhow Cantonment	31,097
(3) Neemuch	9,541
(4) Nowgong Cantonment and Civil Lines	6,455
(5) Sutna Agency Headquarters	210
(6) Bhopal	118
(7) Manpur Pargana	6,852

The Inchcape Committee had recommended that for 1923-24 the police budget should be limited to two lakhs. In view of the subsequent rendition of Sehore and the Indore Residency Bazaars we think the expenditure should be very substantially reduced. The department has proposed to effect a reduction of .32, the important items of retrenchment being (a) reduction of the force from 447 to 408, partly due to the rendition of the Indore Residency Bazaars, and (b) abolition of one post of Deputy Superintendent and four posts of Sub-Inspectors. We hold that there is no justification for an expenditure materially in excess of 1.60 lakhs. as we proceed to show below. In addition to the savings offered by the Department we recommend the following :—

- (a) A small police force of 408 men cannot need so many as three gazetted officers; the department proposes to reduce the number to two. The Mahi Kantha Agency Police force (359 ranks) has only a Deputy Superintendent in charge, and one Inspector. Other instances can be quoted from the provinces where a single gazetted officer of the rank of a District Superintendent is expected to look after a police force of about this size over a much larger area. The population served by this police Force is now only a little over half a lakh. Further, we observe that compared with the police force in Rajputana or Hyderabad or Western India States Agency the police force in Central India has up till now been rather over-staffed. We hold that it should not be at all difficult to abolish the two extra posts of Assistant and Deputy Superintendents. (In fact we observe that both the present officers are Deputy Superintendents.) If necessary, an

additional post of Inspector may be created to assist the Superintendent; the contention that Mhow Cantonment should have a special British gazetted Police Officer fails to convince us. In view of the reduced responsibilities of the Superintendent the reason for a special pay of Rs. 100 to him is no longer what it must have been when Sehore and the Indore Residency Bazaars had to be policed by men under his control. This special pay should therefore be abolished. If, however, in the absence of a special pay it is found difficult to attract a regular officer of the Indian Police Service to this post, the post might, as in the case of the Hyderabad Amalgamated Police, be placed on a special scale of pay not exceeding the pay admissible to an I. P. S. Officer, and any suitable officer not necessarily drawn from the I. P. S. might be appointed to it. Our proposal will yield a saving of .10.

(b) We observe that the present strength of the police force is materially below what it was in 1926-27. The reduction was, however, an inevitable result of the important changes that have taken place since 1924-25. As a consequence of the rendition of the Indore Residency Bazaars the Foreign and Political Department has offered to reduce .20 in the provision for the police force. We assume that the proposed reduction of the police force will affect not the officers but the subordinate ranks. Even then it amounts to only about one-seventh. We think a larger saving should be possible (say, of 1/5th, i.e., .28) and we recommend accordingly.

(c) Even though the strength of the police force will presumably be reduced on account of the rendition of the Indore Residency Bazaars, we observe that reduction on account of ministerial charges as offered by the department is only Rs. 1,600. The number, we observe, is the same to day as it was in 1926-27, when the rendition of even Sehore had not taken place. In our opinion it should be possible to reduce the number by at least three; saving Rs. 3,000.

(d) As regards Allowance and Honoraria, Supplies and Services and Contingencies, the department has offered Rs. 10,400. In our opinion it should not be difficult to save at least one-third of the total provision, i.e., approximately .12.

(viii) On our proposals the total reduction in Account II will be .53.

Account III.—Political.

(ix) The Inchcape Committee had recommended the consideration of the question whether the maintenance of the then existing number of subordinate agencies was necessary. The number was accordingly reduced to four by the abolition of the Malwa Agency. The department has already, in the interests of retrenchment, amalgamated the Bundelkhand and Baghelkhand agencies. The amalgamation is expected to result in a saving of .368 lakh; the original estimate was .42 lakh.

Further, we note that the department had under its consideration the question of abolishing the Bhopal Agency. It is true that the amalgamation of Bundelkhand and Baghelkhand agencies to a certain extent affects the question of abolishing the Bhopal agency. For the present we do not definitely recommend its abolition. But we would like the Department not to give up consideration of this question merely on the ground that Bundelkhand and Baghelkhand agencies have been amalgamated. In this connection we invite attention to the history of the Western India States Agency. (Chapter X, para. 1, page 132.)

(x) We further note that the department has abolished the post of an Assistant Political Agent at Manpur, an Attaché at headquarters and the Registrar to the Central India Agency who was also working as Treasury Officer; the treasury duties have been made over to the Under-Secretary to the Agent to the Governor-General. Considering that in Central India there is no administered area corresponding in importance to Secunderabad under the Hyderabad Residency, we hold that it should be possible to abolish the post of Under-Secretary as well. We note that in his secretarial capacity he deals with judicial, financial, general and education cases so as to leave the Secretary free to deal with political and confidential work. His non-secretarial duties are the magisterial and executive duties of (a) Residency Magistrate, and (b) Deputy Political Agent in Malwa. The Secretary himself is District Magistrate and Sessions Judge. It has been claimed that when the A. G. G. proceeds on tour, some of which may be of prolonged duration, he must be accompanied by a Secretary not only for ceremonial purposes but also for the disposal of his work. The department's view is that if there were only a Secretary and no Under-Secretary, the headquarters of the agency would be left without a political officer, and this would result in the practical suspension of all work and the accumulation of arrears.

The Department's arguments in support of the retention of the Under-Secretary's post do not convince us. All the duties mentioned are comparatively of a routine nature and such as can be performed equally well by an officer of a lower status. These as well as the work of the Registrar and Treasury Officer should be made over to an officer of status corresponding to that of an Assistant Secretary. Although in the absence of details we cannot give an estimate of the savings, it is possible that they will not be far short of .03.

As regards the abolition of the post of Assistant Political Agent, Southern States of Central India and in Malwa, we approve of the department's action. We note however that against the abolition of this post a new post of officer on Special Duty in Central India with headquarters at Indore has been created since 1st December 1931. If, as we assume, this special duty is only temporary, we hope that the retrenchment will be permanent. We approve of the proposal to abolish the post of Attaché.

(xi) (a) On the same grounds on which we have recommended the abolition of the post of Residency Surgeon, Hyderabad Residency, but subject to what we state in (b) below, we make a similar recommendation in respect of Central India. Indore and its environs are some of the healthy areas on the central Indian plateau and presumably Indore Durbar maintain qualified medical staff. We agree that when the Residency Surgeon's post is abolished, an

Assistant Surgeon, perhaps with even superior qualifications, should be maintained for the needs of the Residency staff. Our proposal will reduce the 1932-33 estimates by -27.

We realise that our proposal about the abolition of the Residency Surgeon's post is likely to raise the question of the absorption of the I. M. S. cadre during peace time. But we hold that the present arrangements relating to the I. M. S. require a radical overhaul and we therefore do not consider ourselves bound to keep within the four corners of the present arrangements. Should however our proposal be rejected, our recommendations in the following paragraph should be given effect to.

We observe that, in addition to his pay on the I. M. S. scale, the Residency Surgeon gets special pays and allowances aggregating Rs. 1,142 p.m. We have not come across another Residency Surgeon in receipt of as many as ten different special pays and allowances. In our opinion the aggregate emoluments paid to this officer out of funds other than central revenues are themselves so substantial, that no special pays or allowances from central revenues should be necessary to attract officers of suitable status and qualifications. We therefore propose that the following special pays and allowances be deleted and give reasons in support of our proposals :—

- (i) Rs. 250 special pay as Chief Medical Officer. Although the Residency Surgeon is technically designated as also Chief Medical Officer, his duties in the latter capacity must necessarily be extremely light. He has only two other agency surgeons under him, and the extra duties which he finds it possible to perform on behalf of various Indian States and non-Government bodies and for which he gets substantial allowances show, that his own duties as Residency Surgeon and C. M. O. cannot be heavy. We can see no justification for his legitimate duties, light as they are, being split up and special pays being attached to each. We have made a similar proposal in the case of Delhi, Rajputana and the Western India States Agency.
- (ii) Rs. 100 special pay for visiting medical charge of the Southern States Agency. We cannot agree that such work should be regarded as extraneous to his duty as Residency Surgeon.
- (iii) Rs. 50 special pay for supervision of medical and sanitary arrangements for the Malwa Bhil Corps at Indore. Reason same as above.

Our proposals above will involve a reduction of -05 in the expenditure from central revenues.

We consider it objectionable that an officer's extra emoluments should amount to as much as Rs. 1,150 p.m. The whole question should be carefully reviewed with a view to substantial reduction of the other allowances attached to this post. In particular, we suggest that the emoluments payable from Local and hospital funds, over which officers of the Residency have almost complete control and to some of which substantial grants-in-aid have to be made from central revenues, might be substantially reduced.

We have generally protested against the policy of special pays and we draw Government's attention to this case as typical of the tendency for such pays to accumulate and grow in a form calculated to conceal from view the total emoluments drawn.

(b) If the Residency Surgeon's post is not abolished, the special pays and allowances of Rs. 175 to the Assistant Surgeon should be reduced to an amount not exceeding Rs. 50 or 60 p.m., this allowance being specifically in respect of the Jail charge. For an officer on a scale of pay of Rs. 200—450 the present amount of Rs. 175 is out of all proportion to the pay proper. In any case we see no justification for allowances to the Assistant Surgeon for working as Assistant Residency Surgeon and as Personal Assistant to the Chief Medical Officer. These duties can by no means be regarded as extraneous or onerous.

(c) We observe that the Agency Surgeon at Nowgong draws a duty allowance of Rs. 125; till only recently the amount used to be Rs. 150 p.m. Since Nagode State contributes Rs. 25 towards it, the burden on central revenues is Rs. 100 p.m. The department justifies this special pay on the ground of additional duties caused by the abolition of the appointment of Agency Surgeon, Baghelkhand. We cannot accept this as a valid plea. If it were to be accepted, the abolition of every post would necessarily involve the payment of a duty allowance to some other officer placed in charge of all or some of the duties of the post abolished. Thus, for example, the Political Agent, Bundelkhand, would have to be given a special pay on account of the amalgamation of the Bundelkhand and the Baghelkhand agencies. We recommend the abolition of this special pay, in so far as it is paid out of central revenues. We may here add that the other extra emoluments of the Agency Surgeon, viz., Rs. 425 p.m., are sufficiently liberal to continue to attract officers of suitable standing and qualifications.

(d) Further, we think the post of the Agency Surgeon, Bhopal, can and should be abolished. His duties must necessarily be light and, considering that even the Residency at Gwalior has somehow carried on for years with the occasional visiting services of the Civil Surgeon of Jhansi and that even these will soon be abolished, we see no reason why Bhopal political agency with its small staff should not be able to carry on without an Agency Surgeon. The fact that he holds medical charge of the Sehore hospital appears to us to show that the Surgeon's real duties must be light. In any case it is beside the point, since Sehore after its rendition to Bhopal State is not one of the administered areas and is therefore outside the scope of the Government of India's medical responsibilities. We have carefully considered the arguments adduced by the department in favour of the retention of this post and our conclusion is that its case is an extremely weak one—weaker than the case for the retention of the Residency Surgeon at Indore. So far as the supervision of medical and public health departments of the smaller States and estates is concerned we cannot agree that central revenues should bear such charges. Besides, we do not think that a costly officer is necessary for this purpose. As regards advice to Bhopal State on public health questions, it seems to us that that State would easily be able to make its own arrangements if the Agency Surgeon's services were not available. Considering the specialisation of public health work we are not sure that a medical officer can do justice to public health

and particularly epidemiological questions such as are alleged to exist in a somewhat serious form in Bhopal State. The department holds that if this post is abolished, it will not be possible for the remaining two superior medical officers, *viz.*, the Residency Surgeon at Indore and the Agency Surgeon at Nowgong, to carry on the traditional medical and public health duties of the agency medical officers. We agree that each one will have certain additional duties to perform but we hold that the traditional view of the duties to be expected of the medical staff attached to political agencies must now be re-oriented. The medical and public health arrangements in the important Indian states can be, and sometimes are, of a fairly advanced character, and in our opinion the existence of medical appointments attached to political agencies must to a certain extent have the effect of retarding the growth of modern medical and public health arrangements in some of the States. Besides, the explanations furnished to us of the duties of the Residency Surgeon, Indore, the Agency Surgeon at Nowgong and the Agency Surgeon at Bhopal show that by merely relieving the Residency Surgeon and the Agency Surgeon, Nowgong, of duties which cannot by any means be regarded as germane to their main functions, it should be possible to get them to look after all the essential work of the Agency Surgeon at Bhopal. We may here add that Bhopal is not far from Hoshangabad, the headquarters of a division in the Central Provinces and even from Indore the distance by a motorable road is 94 miles. There is also a railway connection with Indore.

If this recommendation is accepted, the post of Residency Surgeon, Indore, may be retained, though with reduced special pays and allowances.

(zii) The allowance of Rs. 350 p.m. to the District and Sessions Judge of Nimar at Khandwa is a new item in the 1931-32 estimates. This new liability was undertaken, because the Agent to the Governor-General is rarely an officer of much judicial experience and it was considered advisable to give him regular judicial assistance in the disposal of judicial cases so as to leave him more time for attention to political work. The conditions on which arrangements have been made with the Central Provinces Government for the disposal of such work are :—

- (1) that the District and Sessions Judge of Nimar should visit Indore for a total period of 33 days in each year spread over approximately six visits;
- (2) that an allowance of Rs. 350 per mensem be paid to the Central Provinces Government Revenues. (This condition may be noted, since we shall have occasion to recommend its application to a similar case in the Hyderabad Residency.)
- (3) that the usual travelling allowance be paid from the Central India budget.

Apart from the alleged grounds the claim to the part-time services of a Judge appears to have been based on the Hyderabad analogy. It is a new item and we recommend its abolition. Even if the arrangement is continued, the reduction of the amount might be taken up with the Central Provinces Government. We presume that the officer does not get the whole of the 350 and

that either the Central Provinces Government keep it or share it with him ; but if our presumption is wrong, we recommend that the condition should be revised so as to enable the Central Provinces Government to recoup themselves for the services performed by one of their own employees.

(viii) The total provision for the pay of establishments is 1.64. The expenditure has varied as below :—

1922-23.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
1.32	1.35	1.37	1.42	1.46	1.53	1.64

The following table shows how the establishments have grown. For the sake of convenience officers have also been shown in this table. (O = officers. C. = clerical. I = inferior.)

	1922-23.			1928-29.			1929-30.			1931-32.		
	O.	C.	I.	O.	C.	I.	O.	C.	I.	O.	C.	I.
Indore	6	30	30	8	34	29	8	34	29	8	34	29
Southern States	2	9	7	1	14*	8*	1	14*	8*	2	14*	8*
Baghelkhand	1	9	8	1	10	8	1	10	8	1	10	8
Bundelkhand	3	12	12	3	15	14	3	15	14	3	15	14
Bhopal	2	11	12	2	12	12	2	13	11	2	11	11
Malwa	1	7	6	(now extinct).								
Total	15	78	75	15	85	71	15	86	70	16	84	70

*Excludes temporary establishments.

In spite of the amalgamation of the Bundelkhand and Baghelkhand agencies the reduction in ministerial charges which the department proposes to effect is .068. We think that the reduction of expenditure should be nearer 10 per cent. Pending further detailed consideration by the Department, we think a provision of 1.50 lakhs, i.e., Rs. 4,000 in excess of the actuals of 1929-30 should suffice.

(xiv) Similarly in the provisions for Allowances and Honoraria, the reduction effected by the Department is Rs. 7,500. Considering that the total provision aggregates Rs. 46,800 and that under Government orders certain allowances have, since the preparation of the 1931-32 estimates, been subjected to percentage cuts, we consider that a reduction of Rs. 10,000 could and should be made.

The Political Agent, Bhopal's sumptuary allowance of Rs. 100 was sanctioned in 1929 on the ground that his headquarters were shifted from Sehore to Bhopal, the capital of a Muslim State, where there is more obligatory entertainment to do. We recommend that this allowance be abolished. Few Political Agents get sumptuary allowances and district officers and commissioners incharge of important headquarters stations in the major provinces, some of them with very large non-Hindu population, do not get sumptuary allowances.

(xv) *Supplies and Services, Contingencies and other Charges.*—Table C in paragraph (3) may be seen. The department offered a lump sum of .44 lakh on account of retrenchments under consideration. We think, the provision for

1932-33 should be on about the same level as for 1928-29; saving at least Rs. 40,000. We may draw special attention to the provisions for such items as "Grain Compensation", "Purchase and Maintenance of Motor Cars", "Liveries", the A. G. G.'s saloon, etc. They appear to be amenable to considerable retrenchment.

(xvi) On our proposals the total reduction of expenditure under Account III will be 1.55 lakhs.

ACCOUNT No. IV.

(xvii) *General Administration.—Charges of Manpur Pargana.*—An establishment of 59 executive subordinates, clerks, servants, etc. [for details see paragraph (2)-D] is maintained at a total cost of Rs. 11,100 (including allowances); other expenses amount to Rs. 900. The provision which is 12 in the current year has not varied except to the extent necessitated by the accrual of increments of pay. The number employed was the same in 1923-24. The department has effected a reduction of Rs. 300. We think it should not be difficult to save at least Rs. 2,000 by reducing the status and pay of the Tahsildar (his present pay being 175—25/2—275) and the clerks, a slight reduction of staff and reduction of the provisions for “house-rent and other allowances” and “office expenses and miscellaneous expenditure”. We draw particular attention to the Tehsildar's pay which appears to us to be excessive for the duties performed by him. So far as we can ascertain, the post used to be held by a Sadar Kanungo—an office of much lower status and pay. *Prima facie* we cannot see why this older and far more economical arrangement should not be reverted to.

(xviii) *Administration of Justice.*—The sudden growth of expenditure from -09 in 1922-23, to -42 in 1924-25 and -51 in the following year was due to the fact that special judicial officers had to be appointed for the cantonments at Mhow and Neemuch to take over work which formerly used to be done by Cantonment Magistrates. This separation of functions was a consequence of the introduction of the Cantonments Act of 1924. Judicial work, both criminal and civil, in cantonments situated in areas under the jurisdiction of the Foreign and Political Department was transferred to that department and had to be carried out by officers specially appointed for the purpose. In the case of Central India the new arrangements affected the three cantonments of Mhow, Neemuch and Nowgong and were given effect to from May 1924. The initial cost of these arrangements was estimated to be Rs. 54,210. The department has reduced this expenditure as below:—

Due to the rendition of the Indore Residency Bazars	089
Municipal charges	013
Allowances, etc.	012
	<hr/>
	114

We are not satisfied that separate judicial officers are required for Mhow and Neemuch. Their populations are 31,097 and 9,541, respectively, and though they are both essentially urban areas, the judicial work is not likely to be heavy enough to keep the officers fully occupied. The only argument urged by the department against the amalgamation of the two posts is that Neemuch is 160

miles from Mhow. We may cite the case of the Judicial Commissioner of the Western India States Agency at Rajkot who also looks after judicial work at Mount Abu and again at Ajmer. We suggest for the consideration of the Departments that one of the two posts may be abolished; in that case the officer retained might go "in circuit" to the other cantonment in his charge.

Further, it is no longer necessary to make any provision for a special pay of Rs. 200 *plus* a compensatory allowance of Rs. 100 to one of the judicial officers. This was intended in fact for the British Judicial officer at Mhow; the reservation of this post for a British officer is no longer in operation, and the post is filled by an officer of the Central India cadre on Rs. 800—25—1,000 without any allowances. The change is expected to result in a saving of Rs. 5,700. We also presume that it will not be necessary to make such a large provision as Rs. 4,200 for leave salary.

Our main proposals above should yield a saving of about .18 in the provision for the pay of officers. In addition, we think the rendition of Sehore has not been reflected sufficiently in a reduction of expenditure. Keeping this in view and also the reduction which must result from the rendition of the Indore Residency Bazars, we think it should not be difficult to save about .25 in the provision for "Administration of Justice".

(xix) *Jails*.—There is a provision of Rs. 400 for an establishment of two and of Rs. 13,300 for other charges. We presume that this small establishment is for the pargana of Manpur. The real jail staff under this Agency is of course much larger, the jail establishment at Indore alone being 35; but this staff is provided for in the political estimates and is non-voted. From the voted provision of Rs. 1,700 the department has effected a reduction of Rs. 400. We are content to recommend its acceptance.

(xx) *Ecclesiastical*.—The provision is Rs. 28,700. A reduction of Rs. 500 has been proposed by the department. We have, however, dealt with the whole Ecclesiastical expenditure in Part II of our *Interim Report* (Chapter XX and paragraph 15 of Chapter I).

(xxi) *Education*.—The 1931-32 provision for Education is 1.21. A glance at the figures given in Table A in paragraph 3 will show that since 1927-28 educational expenditure has not only not grown but has been somewhat on the decline, presumably owing to fluctuations in the grants-in-aid, some of which may have been non-recurring.

Out of a provision of 1.21 lakhs the grant-in-aid to the Chiefs' (Daly) College, Indore, accounts for Rs. 50,000. The other grants aggregate about .63. So far as superior inspection is concerned, Central India utilises the part-time services of the Superintendent of Education, Delhi and Ajmer-Merwara. For this the area is charged one-sixth of his, his stenographer's and his other additional staff's salaries. Besides, for the inspection of primary schools an Inspector and a clerk are also maintained.

The department has effected a reduction of .089 lakh.

We shall first deal with the grant-in-aid to the Daly College. We observe that the obligation was undertaken by the Government of India during Lord

Curzon's viceroyalty when certain reforms were introduced in the then existing Chiefs' Colleges. Additional expenditure owing to the introduction of the reforms was to be made good by Government. Daly College was reconstituted as a Chiefs' College in 1906 and a subvention of Rs. 50,000 per annum was then fixed and has accordingly been granted. Whatever the history of this obligation, we consider that it is no longer justified by Government's present financial position. We consider it unfair to apply central revenues to Chiefs' education. It should not at all be difficult for the Foreign and Political Department to enlist the generosity of the States concerned in making the Chiefs' Colleges practically speaking self-supporting. On these grounds which also apply to the similar proposals made by us in the case of Mayo College, Ajmer, the Rajkumar College, Rajkot and the Rajkumar College at Raipur, we recommend that the provision of Rs. 50,000 for the grant-in-aid to the Chiefs' College, Indore, should be deleted. Otherwise we are content to accept what the department has already done. The reduction of expenditure will be 56.

(xxii) *Medical*.—The principal items in the provision of 52 for Medical are (i) medical and other establishments costing Rs. 17,400 on pay alone, (ii) Rs. 22,000 grants-in-aid to medical institutions, (iii) Rs. 1,000 scholarships to medical students, and (iv) Rs. 5,100 cost of medicines and diet.

The department has effected a reduction of Rs. 1,500 in the expenditure on contingencies, etc. In addition to this we propose that the provision of Rs. 700 for allowances of Rs. 30 p. m. each to the Staff Surgeons at Mhow and Neemuch for the performance of civil medical duties in those two cantonments should be deleted. The status of the officers concerned does not appear to us to be consistent with the payment of small allowances for such civil work as they are occasionally called upon to do. Besides, the officers are maintained from central revenues. If the Army Department should demand any *quid pro quo*, the claim should be considered on its merits.

The principal grant-in-aid is presumably intended for the King Edward Hospital and the King Edward Hospital Medical School. We observe that the Residency Surgeon gets substantial allowances [*vide* paragraph (2)-A] from these institutions to which liberal grants-in-aid have to be made from central revenues. We have already suggested the reduction of these allowances from funds virtually under the control of officers attached to the Residency. In other respects we would leave the provision for Medical intact. Including the department's reduction of Rs. 1,500 we think that immediate reduction of Rs. 2,000 should be possible. Such reduction of the grants-in-aid as may become feasible as a result of the action suggested by us will be in addition to this Rs. 2,000.

(xxiii) *Public Health*.—The 1931-32 provision is Rs. 37,400 of which all but Rs. 400 was for a drainage scheme for the Residency. In view of the rendition of the Indore Residency Bazaar this scheme has naturally been given up. The reduction of 37 should of course be accepted. In addition, a reduction of Rs. 200 has been made under contingent expenditure in connection with bubonic plague. We approve of this reduction.

(xxiv) *Agriculture*.—The provision is Rs. 5,700, viz., Rs. 2,400 for a special officer (on Rs. 200 p. m.) and Rs. 3,300 for other charges in connection

with the agricultural development of Manpur pargana. The department has abandoned the scheme and cut out the entire provision.

While generally speaking we do not favour the abandonment of beneficial schemes, we think that in this particular case no adequate return could be expected from the outlay on the agricultural development of a single small pargana. We therefore take no objection to the department's action in abandoning this particular scheme.

(xxv) *Inspection of motor vehicles.*—There is a provision of Rs. 400 for motor allowances and Rs. 600 for office expenses and miscellaneous expenditure in that connection. The former is for allowances, one of Rs. 20 and the other of Rs. 10, payable to two clerks in the Criminal (*i.e.*, Police) branch. These allowances were sanctioned in 1927 for the extra work of registration and licensing of motor vehicles. The provision formerly used to be made under the major head "26—Police". The department claims that the allowances are paid in lieu of additional clerical posts. In view of the rendition of the Indore Residency bazars, the amount of these allowances should be reduced to, say, Rs. 15 (say, 10 and 5) p. m., *i.e.*, by about Rs. 200.

The provision for other charges should be halved.

The total reduction of expenditure should be Rs. 500.

(xxvi) *Miscellaneous.*—The 1931-32 provision for miscellaneous expenditure is Rs. 26,500, *viz.*, Rs. 25,300 for grants-in-aid, Rs. 400 for rewards to European ladies for passing departmental examinations, Rs. 200 for miscellaneous durbar expenditure and Rs. 600 for other compensations.

The department has effected reduction of Rs. 19,700.

The contribution to the Indore Residency Bazars used to be Rs. 19,400; the whole of this should now appear as a reduction of expenditure. The contributions to Manpur town fund (Rs. 3,500), Sutna bazar fund (Rs. 200) and Bandelkhand Agency local fund (Rs. 1,700) may continue. But the grant-in-aid (Rs. 500) to the Chiefs' Guest-house should be reduced as presumably the department intends to do.

(xxvii) On our proposals the total reduction of expenditure in this Account will be nearly 1·50 lakhs.

(7) *Summary of savings.*—On our proposals there should be a reduction of expenditure on Central India as an "area" by about 3·97 lakhs. The department had informally and provisionally offered a reduction of 3·23 and effected one of 2·406 lakhs. While as indicated by us above we consider that it is possible to go beyond the department's provisional offer of 3·23 lakhs, we shall be content if the department gives effect to proposals resulting in a reduction of at least 3½ lakhs.

CHAPTER VIII.

GRANT NO. 85-HYDERABAD.

(1) *Introductory*.—Hyderabad Residency is one of the oldest political agencies in India and the Resident has the status of a class I Agent to the Governor General. He exercises the powers of a minor local government in respect of the following areas administered direct by the Central Government through him, *viz.*, (i) the Residency Bazaars, (ii) the important cantonment of Secunderabad including Bolarum and Trimulgherry, and (iii) the Cantonment of Aurangabad in the north-west corner of H. E. H. the Nizam's dominions. The population of Secunderabad is 120,801; including a military population of 13,708; in 1921 it was about 95,000. The population of the Residency Bazars, Hyderabad, is 15,532 and that of Aurangabad Cantonment 7,582. •

An important point to bear in mind in connection with these administered areas is the existence of Local Funds, *viz.*, the local (Abkari, etc.) fund of Secunderabad and the Aurangabad Abkari Fund. They amount to substantial figures and unlike the funds of local self-governing bodies they have to bear the burden of certain state activities which would no longer be classed as functions appropriate to local self-governing bodies [*Vide* paragraph 9 (ix) of Chapter I.]

(2) *Analysis of expenditure*.—The “area” grant for Hyderabad for 1931-32 is 9·90 lakhs of which 6·71 is “non-voted” and the rest is “voted”. The two most important heads of expenditure are Political (2·91 lakhs) and Police (5·71 lakhs).

The non-voted provision of 6·71 lakhs consists of 2·91 lakhs for expenditure classified as “Political”, ·16 for the pay and passage of the Superintendent of the Hyderabad Amalgamated Police, 3·24 lakhs for the Hyderabad Railway Police; ·38 for “Ecclesiastical” and ·029 for miscellaneous assignments and compensations.

Of the “voted” grant of 3·19 lakhs the main constituents are 2·21 for the Hyderabad Amalgamated Police, ·11 for other district executive police, ·38 for Education, and ·40 for Medical and Public Health.

Besides the “area” grant of 9·90 lakhs there is a provision of 14·78 lakhs under other demands. The more important among these, *viz.*, Interest on Ordinary Debt (12·34 lakhs) and Pensions (Political ·44, others 1·25) do not concern the administration of the “area” proper. Only the following expenditure can be claimed to be incurred in the area and for its own benefit:—

Currency.—(·05), Civil Works (·52), Stationery and Printing (·12), Refunds (·06); Total ·75 lakh.

The total expenditure from Central revenues (*i.e.*, apart from that from Local Funds) on this agency may therefore be said to amount to 9·90 *plus* ·75 = 10·65 lakhs, and is incurred on (i) the maintenance of Political relations with His Exalted Highness the Nizam's Government, (ii) the administration of certain special police arrangements including those for the Nizam's Railways, and (iii) the administration of certain areas.

(3) *Growth of expenditure.*—The following table sets forth the expenditure incurred on Hyderabad “area” in various years :—

		1913-14.	1922-23.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
Political	..	1.93	2.58	2.52	2.29	2.20	2.40	2.73	2.79	2.62	2.91
Stamps	..	..	.01	.01	..	.01	..	..	..	..	..
Justice	..	.03	.02	.02	.04	.05	.04	.04	.04	0.4	.05
Police	..	.37	.24	.31	.27	.19	.05	2.40	2.45	2.55	5.71
Ecclesiastical	..	.44	.49	.47	.42	.45	.50	.44	.33	.34	.38
Education	..	.58	.21	.17	.18	.16	.30	.33	.37	.43	.38
Medical	..	.06	.10	.07	.13	.06	.07	.07	.07	.07	.07
Public Health	..	..	.10	.14	.10	.11	.11	.11	.10	.30	.34
Miscellaneous	..	.02	.01	.11	.03	.02	.03	.04	.08	.09	.06
Total	..	3.43	3.76	3.82	3.46	3.25	3.50	6.16	6.23	6.44	9.90

Two important changes described below took place under the head ‘Police’ and have to be borne in mind before a true comparison can be made. (i) From 1928-29 recoveries which were formerly deducted from expenditure began to be credited to revenue, thus causing an apparent growth of expenditure, and (ii) the cost of the Railway Police, which is recovered in full from the Hyderabad State, was shown in the expenditure estimates for the first time in 1931-32. Formerly, it was treated as an advance and adjusted under a debt head “Advances Recoverable”. Besides, recoveries from local funds, etc., on account of the cost of Hyderabad ‘area’, which were treated as minus expenditure, are now credited to revenue.

(4) *Inchcape proposals.*—The only recommendation made by the Inchcape Committee was a reduction of Rs. 18,500 from the 1922-23 provision of Rs. 23,330 for ‘Education’ on the ground that the cost of secondary education should be met from local bazaar funds and by increased fees. The following table shows how the various provisions for 1931-32 compare with those in various years before and after the war and with the budget recommended by the Inchcape Committee.

		1913-14, Actuals.	1922-23, Budget.	Budget recommen- ed by Inchcape Committee.	1924-25, Actuals.	1931-32, Budget.
Political	1.93	2.46	2.46	2.52
Education..58	.23	.05	.17
Civil Works	1.56	1.12	1.12	.50
Pensions	1.47	1.34	1.34	.85
Ecclesiastical44	.61	.61	.47
Net expenditure on Police37	.24	.24	.31
Other Items22	.58	.58	.35
Total	6.57	6.58	6.40	5.17
						7.88

(5) *Departmental Offer*.—The department has offered a saving of .56 lakh under Political and .33 lakh under Public Health. Total .89 lakh. The reduction of .33 under 'Public Health' will have the effect of stopping all grants-in-aid for sanitary purposes and general improvement in the Residency Bazaars; presumably the burden will be merely shifted to the local fund or funds concerned.

The offer may be analysed into the usual units as follows :—

					Budget for 1931-32.	Reduction.
Officers ..	..	..	..	..	1.51	.47
Establishment ..	..	..	..	..	1.36	.07
Allowances ..	..	..	..	..	.42	..
Other charges ..	..	..	..	..	1.31	.35
Total ..					4.60	.89

The more important items of expenditure in this retrenchment scheme are :—

- (i) Transfer of pay of Under-Secretary to the budget of the Secunderabad Local (Abkari, etc.) Fund.
- (ii) Transfer of 90 per cent. of the pay of the Residency Surgeon to the Secunderabad Local (Abkari, etc.) Fund.
- (iii) Replacement of the Personal Assistant to the Resident on Rs. 700 by a part time Military officer with an allowance of Rs. 100 per mensem.
- (iv) Reduction of the two Upper Division appointments in the scale of Rs. 100—10—200, one lower division appointment in the scale of Rs. 50—2½—100 and one appointment of Farash on Rs. 15.
- (v) Abolition of a lower division appointment in the grade of Rs. 40—2—30 in the Residency office.
- (vi) Revision of scale of the Confidential Clerk's pay from Rs. 250—300 to Rs. 200—20—300.
- (vii) Abolition of shorthand allowance of Rs. 25 per mensem to one clerk.
- (viii) Stoppage of special pay of Rs. 2 each p. m. to sixteen menials.
- (ix) Stoppage of certain papers and periodicals, Reuter's and Indian News Telegrams, etc., for the Residency Office.
- (x) Stoppage of grant-in-aid for sanitary and general improvements in the Residency Bazaars.

The Department has also drawn our attention to certain proposals under its consideration and has added that if these are finally accepted, there will be a further reduction of .41 lakh in the expenditure from the central revenues as below :—

- | | |
|--|-----|
| (i) Abolition of the Frontier Chowkidari establishment | .11 |
| (ii) Recovery of the cost of police in Bolarum and Aurangabad from the Secunderabad Local (Abkari, etc.) Fund, and the Aurangabad Abkari Fund respectively | .30 |

One comment we wish at once to make on this entire scheme of retrenchment is that only a small portion of it amounts to genuine relief to the tax-payer. The transfer of the Under-Secretary's pay and of 90 per cent. of the Residency Surgeon's pay to the Secunderabad Local Fund and the proposal to recover the cost of the police maintained for Bolarum and Aurangabad from the Local Funds concerned will merely shift the burden to a local set of tax-payers. We observe that at the time of the appointment of the Inchcape Committee also the direction which the Resident's offer to reduce the expenditure took was exactly the same, *viz.*, transfer of a share of the cost of his staff to local funds. Apart from these important items the only remarkable item is the proposal to replace the post of a Personal Assistant to the Resident by a part-time officer with an allowance of Rs. 100 per mensem. We ourselves would in any case have proposed such an arrangement, for, so far as we are aware, no other Political Agency or Residency has such an expensive Personal Assistant's post.

(6) *Our proposals.*—As usual we shall deal with each account separately.

ACCOUNT I.—*Political.*

(i) The expenditure has varied as below :—

1913-14.	1922-23.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30	1930-31.	1931-32.
1-93	2-58	2-52	2-29	2-20	2-40	2-73	2-79	2-62	2-91

The Residency staff consists of a Resident (pay Rs. 4,000), a Secretary and an Under-Secretary on the Foreign and Political Department scale of pay, an Assistant Secretary (on Rs. 800-1,000) and a Personal Assistant (on Rs. 700). A Residency Surgeon and an Assistant Surgeon are also attached to the Residency. There is also a provision of Rs. 4,200 for the payment of an allowance at Rs. 350 per mensem to the "Additional Judge of the Court of the Resident". The Under-Secretary is District Magistrate for the Hyderabad Administered Areas.

The Resident is in receipt of a sumptuary allowance of Rs. 1,000 p. m. The Under-Secretary gets an allowance of Rs. 200 per mensem for the management of a minor's estate. The Residency Surgeon's emoluments, apart from his pay are :—

Rs. 500 per mensem, together with a free house, for medical consultation on His Exalted Highness the Nizam and his family. These charges are borne by the Hyderabad State.

Rs. 300 per mensem payable by the Civil Hospital Fund, Secunderabad, and

Rs. 100 per mensem payable by the Secunderabad Local Fund in respect of the District Jail charge.

Besides the staff mentioned above, the following superior staff is also employed but no provision for such staff is made in the estimate :—

(a) District and Additional Sessions Judge, Secunderabad (pay Rs. 1,100).

(b) Second Magistrate, Secunderabad (pay Rs. 900).

(c) District Munsif, Secunderabad (pay Rs. 600 *plus* Comp Allowance Rs. 75).

(d) Judicial Officer, Aurangabad (pay Rs. 450).

There are also two Superintendents and two Deputy Superintendents of Police ; they will be dealt with under Sub-heads ' Police ' of Account II.

The above description will show that the real aggregate expenditure is considerably in excess of the provisions in the estimates. It is difficult to compare it with expenditure in, *e.g.*, the Western India States Agency in whose case the expenditure on account of the pay of the Judicial Commissioner and other similar officers is shown in the estimates.

The Department has offered a reduction of 56 lakh. We presume that the important details are contained in the proposals set forth in paragraph (5).

It is true that the reduction offered will take ' Political ' expenditure in this agency back to a figure which does not compare unfavourably with the actuals of 1925-26 or 1926-27 and which will be actually lower than those of 1924-25 and 1927-28. Were it not for the fact that our own scrutiny discloses to us some additional avenues of economy, we would have been content to recommend acceptance of its offer. As it is, we propose to examine the position in some detail.

(ii) In our opinion the staff maintained for this Residency is excessive and can be reduced without risk of serious inconvenience. In this connection we should give a warning against the application of analogies from other Residencies. The conditions of the Hyderabad Residency, which has to deal with one large but compact state, are different, in essence, from those of political agencies like, *e.g.*, Rajputana or Central India, which have to deal with a number of states and sometimes, as in the case of the Western India States Agency, have also to discharge ordinary judicial and even administrative functions on behalf of some of the States.

We have examined the question whether it is necessary to retain an Under Secretary, an Assistant Secretary and a Personal Assistant, and have come to the conclusion that either the Under-Secretary's or the Assistant Secretary's post should be abolished. We observe that from 10th August 1931 the Assistant Secretary is in charge of the current duties of the Under Secretary and that the latter's duties as District Magistrate of the Hyderabad administered areas are being performed by the Second Magistrate, Secunderabad. Presumably this has been due to the transfer of the Under Secretary's pay to the budget of the Secunderabad local fund. As we understand the position, these facts show that the Under Secretary's post can be abolished. We do not approve of the department's action in merely transferring the Under Secretary's pay to the budget of the Secunderabad Local Fund, since in our opinion it is not genuine retrenchment and does not afford relief to the taxpayers of the area.

As regards the Assistant Secretary's post we assume that his duties are the usual duties of an officer in charge of an office. An officer on a pay of Rs. 840 is altogether too expensive for the duties expected of him. In our opinion this post should be replaced by a post corresponding to that of an

ordinary superintendent in an administrative office. Even then there should be a very substantial saving on the difference of pay. We may observe that the basic pay of the present Secretary as shown in the October 1931 Quarterly List appears to be Rs. 900. If so, the argument for reducing the status of the Assistant Secretary's post is even stronger.

For the present, we shall assume that the Under Secretary's post can and will be abolished, and that the Assistant Secretary's post will be reduced in status.

We approve of the department's proposal to replace the Personal Assistant by a part-time military officer.

(iii) Secondly we can see no reason whatever for the retention of a Residency Surgeon. The entire system of attaching surgeons to political agencies appears to us to be out of date now. It undoubtedly had its utility in days when qualified practitioners of the western system of medicine and surgery were not readily available. But with the growth of an independent medical profession and the revolution in communications and particularly in view of the employment of qualified doctors and surgeons by the leading Indian States, the need for attaching surgeons to political agencies, as a matter of course, is no longer what it used to be. We may further observe that in the case of the Mewar Residency the department has decided to abolish the post of Residency Surgeon; the case for the abolition of the post of Residency Surgeon, Hyderabad, appears to be even stronger. We understand that Hyderabad has a well-equipped and up-to-date hospital in charge of an experienced ex-Indian Medical Service officer and as regards the actual medical work of the Residency Surgeon, the department itself admits that the "is mainly occupied with these Local Fund institutions". His most important "Local Fund institution" duty is his charge of King Edward Memorial Hospital, Secunderabad, on which the local Fund spends about two lakhs of rupees yearly. The residency hospital situated in the Residency Bazaars and the Secunderabad jail are also looked after by him.

We observe that the department has proposed to transfer 90 per cent. of the Residency Surgeon's pay to the Secunderabad local fund. We do not consider this genuine retrenchment. It may relieve the central revenues but it does not lighten the taxpayer's burden. A station like Secunderabad which presumably already has the usual medical staff attached to the army units stationed there cannot afford the high pay of an officer of the status of the Residency Surgeon. Stations of corresponding importance together with thousands of square miles of rural area in the major provinces are frequently in charge of civil surgeons drawn from the provincial medical service. The proposed arrangement will merely help to conceal the real expenditure on the Residency. Since presumably the agency administering the Secunderabad Local fund at present is mainly official, it cannot be expected to raise its protest against the proposed arrangement. We must therefore give our warning against the arrangement contemplated by the department. What is really needed is real permanent reduction of expenditure so as to lighten the taxpayer's burden.

We accordingly recommend that the post should be abolished. A surgeon attached to the Secunderabad Cantonment should, on the Baroda analogy,

be charged with the duty of looking after the medical needs of the Residency staff and the civil hospital at Secunderabad, a suitable allowance not exceeding Rs. 250 per mensem being paid to him for this purpose, if need be.

In any case, considering that the medical staff at Hyderabad and the hospital there, both of which are within easy reach of the Resident and his staff, are or can be made available for medical advice to, and treatment of, the Residency staff we consider it wholly unjustifiable that central revenues should be burdened with any part of the cost of the Residency Surgeon's post.

Before we leave this part of the field under our survey, we may draw attention to the emoluments of the Residency Surgeon. In view of the fee of Rs. 500 per mensem payable, and the free house provided, by His Exalted Highness the Nizam's Government, we seriously doubt the justification of the handsome emoluments which the Residency Surgeon at present draws for the hospital and the jail charges. Presumably these allowances are paid from the hospital and the Local funds and do not appear anywhere in the central estimates. Besides, we have already proposed the abolition of the Residency Surgeon's post. On these grounds we are content to draw the department's attention to the facts and refrain from making a definite proposal. Since we have proposed the abolition of the Residency Surgeon's post, we do not maintain the recommendation in our skeleton scheme that the Assistant Surgeon's post should also be abolished. But if the Residency Surgeon's post is retained, we recommend that the Assistant Surgeon's post may be converted into that of a Sub-Assistant Surgeon competent to hold charge of the dispensary (or hospital if it really is a hospital) for the Residency Bazaars. As regards the King Edward Memorial Hospital, the hospital fund should bear the entire cost of the medical officers working for the hospital. This will provide for such duties (if any) as the Assistant Surgeon may at present be performing for that hospital.

There is also a provision of Rs. 400 in the 1931-32 estimates for an 'allowance to a senior medical officer'. If this refers to the Residency Surgeon, we must remark that since he already enjoys a number of liberal allowances and other emoluments, we can see little justification for adding to them. The provision should be deleted.

(iv) We observe that the "Additional Judge in the Courts of the Resident" gets an allowance of Rs. 350 per mensem. This arrangement was initiated in 1923 in response to the public demand for a specialised judicial officer to hear appeals, which in British India would be heard by the High Court or a Judicial Commissioner. A District Judge from one of the adjacent districts of Madras Presidency visits Hyderabad periodically to act as Additional Judge in the Residency's court and is granted an allowance of Rs. 350 per mensem in addition to ordinary travelling allowance. The expenditure is subsequently recovered from the revenues of the Hyderabad Administered Areas, and central revenues do not bear any part of it.

On grounds explained above we propose not to exclude this item from our review. In our opinion the allowance is excessive for the additional duties expected. We suggest that it should be reduced to about Rs. 150 per mensem. In the alternative, we suggest that it should, as is usual in such cases (e.g.

in the case of Central India) be shared by the officer with the Madras Government. For the present we assume that the former course will be adopted.

(v) Further we propose a reduction of .10 in the provision for the ministerial establishment and a reduction of the provision of Rs. 14,300 for travelling allowance by one-half. The sumptuary allowance of Rs. 1,000 per mensem is excessive and should be reduced to one half.

(vi) Under 'Supplies and Services' the department has offered a reduction of Rs. 5,900 *viz.*, Rs. 3,500 in the provision for the maintenance and renewal of furniture and Rs. 2,400 under other items. We recommend acceptance.

(vii) As regards 'Contingencies', the department has explained that since all major works have been suspended on account of financial stringency, the increased provision for telephonic connections in the Secretary's new quarters, which were intended to be constructed this year, will not be needed; saving Rs. 500. The departmental reply makes it quite clear that in 1932-33 the provision of Rs. 1,355 for warm clothing will also not be needed. There should thus be a saving of .02 under 'Contingencies'.

(viii) On our proposals we expect there should be a reduction of about .80 lakhs.

ACCOUNT II.—*Other Expenditure heads.*

The heads of expenditure comprised in this account are :—

	Rs.
(i) Land Revenue	200
(ii) Stamps	100
(iii) Registration	100
(iv) Administration of Justice	5,000
(v) Police	5.71 lakhs.
(vi) Ecclesiastical .. .. .	.38 lakh.
(vii) Education .. .. .	.38 "
(viii) Medical .. .. .	.07 "
(ix) Public Health .. .. .	.34 "
(x) Miscellaneous .. .. .	.06 "

The only reduction proposed by the department is .33 under Public health.

Our Proposals.—(i) The provision under Land Revenue, Stamps, and Registration are too small to call for a scrutiny.

(ii) Under "Administration of Justice" we think it should be possible to save .01 as is shown by the table given in paragraph (3). In no preceding year, except in 1926-27, has the expenditure on this service exceeded .04.

(iii) We have already dealt with Ecclesiastical in Part II of our Report.

(iv) As regard Medical and Education we draw attention to what we have stated in paragraph (10) of Chapter I of Part I of our report. We are not prepared to assume responsibility for any reduction in these grants.

(v) Coming to Public Health we observe that the department proposes to reduce the provision for 1932-33 by .33, *i.e.*, to stop in *toto* the grant-in-aid

for sanitary and general improvement of the Residency Bazaars. We are not in a position to say whether the abandonment of the scheme is advisable or not and, so far as its merits are concerned, we record no opinion. We shall, however, include the amount offered, viz., .33 in our summary.

(vi) We find that the miscellaneous expenditure is liable to fluctuate. In the light of past experience we doubt if any serious reduction can be made in the 1931-32 provision of .06.

(vii) The reduction of expenditure in this account apart from that in the expenditure on police will be .34 lakh.

We shall now deal with the provisions for 'Police' under the control of this Residency.

ACCOUNT II.—Police.

(i) *Explanation.*—Three district forces are maintained, viz., (a) the Hyderabad Amalgamated Police at a cost of 2.36, (b) the Hyderabad Railway Police costing, 3.24 and (c) a small force costing .11 lakh for the policing of the Bombay frontier.

The strength and gross cost of these three forces in certain years have been shown in the following table :—

		1913-14.	1922-23.	1924-25.	1928-29.	1929-30.	1930-31.	1931-32.
(A) Hyderabad Amalgamated Police.								
Superintendent	.. ..	1	1	1	1	1	1	1
Deputy Superintendent	.. ..	1	1	1	1	1	1	1
Inspecting Officer	.. ..	..	..	..	..	1	1	1
Inspectors and Sub-Inspectors	.. ..	16	13	{ 15 } 3	18	18	18	18
Bergeants	.. ..	2						
Head Constables and Constables	.. ..	645	612	607	612	612	612	612
Total cost	.. ..	1.58	2.33	2.37	2.28	2.34	2.44	2.36
(B) Hyderabad Railway Police.								
Superintendent	.. ..	1	..	1	Until 1931-32 Railway Police expenditure was not shown in the estimate but was treated as an "advance recoverable". Hence the details are not available.			1
Deputy Superintendent	.. ..	..	..	1				1
Inspectors	.. ..	4	..	4				21
Probation. { Sub-Inspectors	.. ..	11	1	11				
{ Head Constables	.. ..	74	..	77				
{ Constables	.. ..	577	..	557				729
Total cost	.. ..	1.64	..	2.63	..	..	..	3.24
(C) Total cost on Frontier Chowkidari.		.10	.11	.11	.12	.12	.11	.11

No portion of these forces serves His Exalted Highness the Nizam's Government. The arrangements are somewhat complicated and will bear a little explanation.

The entire cost of the Hyderabad Railway Police (with the exception of Rs. 84 per annum on account of a portion of the rent of the Raichur Inspector's M27FinD

quarters, which is paid from central revenues) is recovered from the Hyderabad State and the Railway companies concerned. The gross cost of this police has appeared for the first time in the current year's estimates as a non-voted item. The policy underlying the arrangements is that of securing to the Government of India control over Railway Police all over the country and follows the same lines as in Rajputana, Central India, Kathiawar, etc. It only remains to add that the Superintendent of the Railway Police gets a special pay of Rs. 150 per mensem sanctioned for all Superintendents of Railway Police.

Excluding the cost of the Railway police the total provision for Police is 2.47 lakhs. Recoveries from the various Local Funds, etc., estimated to amount to 2.14 lakhs, are however, to be set off against this 2.47 lakhs. The net burden to central revenues in 1931-32 is estimated to be only Rs. 6,360. The system under which Local Funds bear the burden of the Police entertained for the protection of various areas may now be explained.

In 1907 Government decided that the cost of the police in the Hyderabad 'administered areas' should be a charge on central revenues but contributions-in-aid should be taken from their respective Local Funds. As regards the cost of the Police employed in Aurangabad, it was decided to charge it to central revenues and two years later it was decided to charge the cost of the police at Bolarum also to central revenues. Thus, the average cost of the police force employed in (i) the Residency Bazaars, and (ii) Secunderabad (*minus* Bolarum) together with a proportionate share of the cost of supervision and office establishment is recovered from their respective Local Funds. Further, a moiety of the cost of the Police Training School at Begumpet is also recovered from Hyderabad State on account of the Hyderabad Railway Police.

The average cost of the District Police is 2.51 lakhs distributed as follows :—

	Lakh.
Secunderabad Local Fund	1.80
Residency Bazaars Fund .. .. .	.35
Government of India (for Bolarum and Aurangabad Police) ..	.33
His Exalted Highness the Nizam's Government (for Police Training School).	0.3

Besides full recoveries of the first three items from the Local Funds and from Hyderabad State, leave contributions of Rs. 18,315, Rs. 3,590 and Rs. 337 are also recovered. Thus, recoveries (including leave contributions) amount to 2.41 lakhs as against 2.36, the *direct* estimated cost in 1931-32 of the Hyderabad Amalgamated Police. The recoveries appear to be in excess of the cost, but since the former includes leave contributions, whereas the latter does not, the excess recovery is only apparent and not real.

The strength of the frontier chowkidari establishment, for which there is a provision of Rs. 10,700 in the 1931-32 budget, is one Karkoon, ten Naiks and 130 Sepoys. The cost is entirely borne by central revenues. Considering that the expenditure has not varied, the strength too has probably not varied appreciably. But we have no information on this point.

This force appears to have been entertained by His Exalted Highness the Nizam's Government in 1842 at the instance of the Government of Bombay to guard the frontier against the depredations of certain hill tribes (Bhils) residing in Hyderabad State. Its cost used to be borne by Berar revenues till 1903-04. When Berar was transferred to the Central Provinces Government, the Government of India agreed to bear the charge. The question of the abolition of this force has been taken up with the Government of Bombay and the department hopes to arrange either that the force should be abolished altogether or that central revenues should be relieved of the charge.

Finally, we should add that the 1931-32 estimates contain a provision of Rs. 1,800 per annum for an Inspecting and Advising Officer. This too requires some explanation. Prior to the transfer of Berar to the Central Provinces, the administration of the police in the Hyderabad Administered Areas was entrusted to a whole-time officer, viz., the Inspector-General of Police, Hyderabad Assigned Districts, but this appointment was abolished on the transfer. The need for scrutiny and criticism from superior officers with expert technical knowledge was increasingly felt. The system then existing made a heavier claim on the time of the Residency than should have been the case; the Secretary as Inspector-General of Police had to rely almost entirely on the advice of the Superintendents on proposals submitted by them in connection with any police problem. It was therefore thought necessary to appoint an Inspecting and Advisory Officer. This post was accordingly sanctioned in May 1930 with a view to obtaining a more detached and mature police view upon the merits of the proposals submitted by the local Superintendents. The Deputy Inspector-General, Crimes and Railways, Central Provinces, performs the duties of Inspecting and Advisory Officer in addition to his own duties and is given a special pay of Rs. 150 per mensem. The cost is met in the first instance from central revenues and is subsequently recovered from the various local funds, the Nizam's Government and the railway companies concerned. Central revenues do not therefore bear any portion of the expenditure on this account.

Similarly a duty allowance of Rs. 50 per mensem is paid to the Deputy Superintendent of Police of the Hyderabad Amalgamated Police for his duties as Principal of the Police Training School, Begumpet.

(ii) *Departmental proposals.*—The Department has offered no reduction. Its view appears to be that since 5.30 out of 5.71 lakhs is covered by receipts from His Exalted Highness the Nizam's Government and the local funds, no reduction should be made. We agree that so far as recoveries from His Exalted Highness the Nizam's Government are concerned, it is for them to take up the matter if they wish to do so. The local funds, however, are in essence, raised from a limited set of central tax-payers. On this as also on the technical but none the less valid ground that the expenditure in fact appears in the estimates of central revenues and expenditure, we propose to examine the scope for economy in the expenditure on the amalgamated police and the frontier chowkidari establishments. We may here draw attention to the analogous cases* of Pilotage, Light-houses and Light, ships, etc.

* *Vide* Sub-paragraph (c) on page 99 and paragraph 13 (i) on page 103 of Part II of our Report.

(iii) *Our proposals.*—

(a) *Hyderabad Amalgamated Police.*—Considering that there already is a Superintendent of the Railway Police we are not satisfied that it is necessary to maintain a District Superintendent of police. In fact, we observe that the present incumbent of this post is a junior officer drawing a pay of Rs. 750 plus £25 overseas pay and a conveyance allowance of Rs. 87-8-0. In our opinion it should not be difficult to reduce the status of this post to that of a Deputy Superintendent incharge of Secunderabad, the Residency bazaars and Aurangabad. (In this connection we draw attention to the fact that the Mahikantha police* has only a Deputy Superintendent at its head.) He would of course still have a junior deputy superintendent or a senior inspector to take direct charge of Aurangabad under his control. Since the basic pay of the present incumbent of the post is low, there will not be any great immediate economy resulting from our proposal. But we consider that the reduction of the status of the post will help to keep the cost down against a possible proposal in the future to appoint a senior I. P. S. Officer to the post.

We presume that the conveyance allowance of Rs. 87-8-0 to the District Superintendent and of Rs. 43-12-0 to the Deputy Superintendent of Police, Secunderabad, are in respect of their duties at Secunderabad and that for journeys to Aurangabad, etc., they are entitled to draw travelling allowances under the usual rules. If our presumption is correct, we recommend the abolition of these conveyance allowances. Numerous cases can be cited in which even with larger and more important towns in addition to thousands of square miles of rural area under their charge superior police officers get no conveyance allowance.

We further observe that the Deputy Superintendent of Police, Secunderabad, gets a special pay of Rs. 50 per mensem for his work as Principal of the Police Training School, Begumpet. We cannot agree that the duties of this post should be regarded as either extraneous to this officer's ordinary police duties or so onerous as to justify a special pay. This special pay should therefore be abolished.

The table in sub-paragraph (i) above shows that although there has been some growth in the strength of the force, the growth has not been remarkable. All the same, we recommend that the strength should be reduced to the 1921-25 level. Our recommendation will automatically involve the abolition of the part-time post, created with effect from May 1930, of an Inspecting and Advisory Officer on a special pay of Rs. 150 per mensem. We may also draw attention to the fact that in 1930-31 this special pay was Rs. 100 per mensem. The strength of the amalgamated police force to-day is exactly the same as in 1922-1923. No really important advisory problems relating to establishments could therefore have arisen to justify the creation of this post in 1930-31 and we consider that it can safely be abolished. We have given due weight to the arguments adduced in the department's reply to our questionnaire [*vide* sub-paragraph (i) above.] But the case appears to us to be very weak indeed. The fact that in this case the expenditure is recovered from the local funds, His Exalted Highness the Nizam's Government and the railway companies should

* *Vide* Chapter XIV, page 175.

not make any difference to its treatment on merits. We would also draw attention to the risk of this case being cited as a precedent for claims to similar assistance in the matter of police administration from other political authorities similarly situated.

(b) *Railway Police*.—As regards the strength of the Railway Police we make no recommendation.

(c) *Frontier Chowkidari*.—We approve of the Department's action in taking up the question of abolition of the frontier chowkidari establishment with the Bombay Government. This force appears to us to be a relic of the unsettled conditions of the first half of the last century. In the light of the revolutionary change that has come over communications we are inclined to the view that it should not be necessary to maintain it any longer. In this connection Chapter XXII in which we have discussed the question of the Malwa and the Mewar Bhil Corps might be seen. In any case central revenues should be completely relieved of the charge.

(d) *Local Funds Police*.—The Foreign and Political Department has also initiated action with a view to recovering the cost (about Rs. 30,000) of the police in Bolarum and Aurangabad from their respective local funds. While we approve of this strictly as a measure of relief to central revenues, we do not consider that shifting of the burden from the central revenues to the local funds is genuine retrenchment affording relief to the taxpayer. In paragraph 9 (iv) of Chapter I we have explained our views and set forth our proposals in some detail.

(e) *Summary.*—On our proposals we estimate that the reduction of police expenditure from central revenues will be:—

By retrenchment in the Hyderabad Amalgamated Police force	..	-06
Abolition of frontier chowkidari establishment	.. ..	-11
Transfer from central revenues to local funds	.. ..	-30
Total	..	-47

On our proposals the total reduction of expenditure in Account II should be about 81 lakhs.

(7) *Summary of savings.*—Our proposals will result in a reduction of expenditure from central revenues by .80 lakh in Account I and by .81 lakh in Account II, i.e., by a total of 1.61 lakhs.

CHAPTER IX.

BANGALORE.

(1) *Introductory*.—This “ area ” consists of the Civil and Military Station of Bangalore situated on a plateau with a salubrious climate (area about 13 square miles and population including 9,163 troops 134,113). It is an “ Assigned Tract ” under British administration through the Resident in Mysore; the city of Bangalore lying to the west of the Station is under the Mysore State. The Residency staff is responsible for “ general administration ”. The other departments Police, Railway Police, Education, Medical, Public Health, Land Revenue, Excise, Stamps, Registration, Justice, Jails, Agriculture, Veterinary, etc.,—have, broadly speaking, their own special staffs.

(2) *Explanation of the grant*.—The “ area ” grant is 18·25 lakhs. Excluding the provisions for the payment to the Mysore Durbar of their three-fourths share of the previous year's surplus revenues and excluding the reductions proposed in the “ area ” demand in the 1931-32 budget, the net estimated expenditure is 14·76 lakhs. Out of the total estimated revenues of 13·39 lakhs, the revenues creditable to the “ Assigned Tract ” amount to 13·10 lakhs. The difference of 1·66 lakhs between the estimated revenues and expenditure in 1931-32 will have to be met from the accumulated surpluses amounting to 3·43 lakhs of previous years.

The following extract from Mr. Juke's Review describes the arrangement reached in 1924-25 with the Mysore Durbar for the disposal of the surplus revenue of the “ Assigned Tract ”:—

“ On the rendition of Mysore in 1881, the tract known as the Civil and Military Station of Bangalore was assigned by the Maharaja of Mysore free of charge to Government for exclusive management and in full jurisdiction. In the year 1924-25, an arrangement was reached for the determination and disposal of the surplus revenue of this Assigned Tract. Under this arrangement the sum of 13 lakhs is taken as a “ datum line ” representing the normal annual expenditure of the Tract. If revenue in excess of this sum is received in any year, the surplus is divided between the Tract and the Durbar in the proportion of one-fourth to the Tract and three-fourths to Mysore. The “ datum line ” of 13 lakhs is open to reconsideration on the expiry of a term of ten years commencing from 1924-25. To ensure the due fulfilment of the arrangement, regular *pro forma* accounts of the revenue and the expenditure of the Tract are maintained. These accounts differ in certain respects from the accounts of financial transactions in Bangalore which appear in the general books of Government and are reproduced in the book of Demands for Grants.”

We may add that the one-fourth share of the Tract is accumulated, if necessary, to meet the cost of improvements in the Tract.

(3) *Expenditure and its progress*.—The entire expenditure is non-voted. The most important heads are General Administration, Administration of

Justice, Police, Education, Medical and Public Health. Bangalore has also to share the cost of the Residency establishment. The net estimated expenditure in 1931-32 is 14·76 lakhs and excluding Income tax and Audit 14·16 lakhs. In 1924-25 the demand included expenditure on account of Taxes on Income, Audit and Refunds ; these items have since been separated and are shown in the respective subject demands and are controlled by the departments concerned. The following table shows the variation of expenditure (excluding these items) during the period 1924-25 to 1931-32 under each Head of Account :—

Head of Account.	1924-25 Actuals.	1931-32 Budget estimate.	Difference.
Account I—Police	2,83,692	3,25,300	+41,608
Account II—Education	3,27,180	4,53,200	+1,26,020
Account III—Medical and Public Health	6,46,543	3,38,500	—3,08,043
Account IV—Other Expenditure heads..	2,44,418	2,99,000	+54,582
Total ..	15,01,833	14,16,000	—85,833

About half of the increase of ·42 in Account I—Police was caused by a mere accounting change. Recoveries from the local municipality in respect of motor vehicles and hackney carriage establishments and the motor fire engine are now credited as receipts instead of being taken in reduction of expenditure. The remaining half of the increase was due to additional police establishment and the variations in the scale of pay.

Account II.—Enhancement of the building and furniture grants, variations in the scales of pay, repairs to buildings and inauguration of the five-year programme of educational expansion in all centrally administered areas are the factors responsible for the growth of expenditure under Education.

The decrease of expenditure on Account III is only nominal. The 1924-25 figures included two abnormal items, viz., 3·18 lakhs for the housing of the poorer classes of the station on account of the outbreak of plague and of ·18 lakh for the reconstruction of the main roads. Besides, the cost of the plague establishment is now wholly borne by the local Municipality.

The bulk of the increase of ·55 in Account IV represents the payment of the cost price of country liquor, etc., supplied by the liquor contractor. This increase, however, is nominal, since the price which used to be paid from the sales to the public is now treated as expenditure and Excise revenue is being shown gross and not net. The other contributing factors are of minor importance.

(4) *Revenue.*—Mr. Juke's Review gives the *pro forma* figures for the years 1924-25 to 1929-30 for both revenue and expenditure. We have not got any information about the revenue and expenditure for subsequent years on the same system. In 1931-32 the revenues are estimated to amount to 13·39 lakhs of which 13·10 would be credited to the Assigned Tract. In previous years the average revenues amounted to about 16½ lakhs. By far the biggest head of revenue is Excise which in 1924-25 yielded nearly 14½ lakhs and, in spite of the considerable fall which has taken place since then, is expected to

produce nearly 12 lakhs in the current year. Taxes on Income and Stamps are the only two other considerable sources of revenue.

(5) *Reason for exclusion from our review.*—Since the share of surplus revenues left over after the payment to the Mysore Durbar of the share due to that Durbar is spent exclusively on the Tract itself, central revenues are not eventually affected. It is true that a scrutiny of the expenditure of Bangalore would be useful from the point of view of the people of that Station as well as that of Mysore Durbar. But we have interpreted our reference to mean a review of central expenditure likely to benefit the average all-India taxpayer. Since this cannot be the result of any scrutiny undertaken by us, we have considered it unnecessary to review the expenditure of Bangalore.

(6) *Contribution from Bangalore.*—As regards the contribution of the Assigned Tract towards the cost of the Mysore Residency and our proposals on this question, we invite attention to paragraph 10 (b) of the portion relating to Mysore Residency in Chapter XII.

CHAPTER X.

WESTERN INDIA STATES AGENCY.

(1) *Historical*.—When the Inchcape Committee reported, the 377 States and estates in Western India (*i.e.*, Cutch, Kathiawar, Banaskantha, Mahikantha, Rewakantha, etc.) were under the political control of the Bombay Government as Agents for the Government of India, who bore the expenditure. It had been proposed that in pursuance of the Reforms all the major States and the whole of Kathiawar should be brought into direct relations with the Government of India, but the matter was still under consideration. In October 1924, the Western India States Agency was created and direct relations between certain States and the Government of India were established.

There used to be six political agencies, *viz.*, one for Cutch, four in Kathiawar under an Agent to the Governor and one for Banaskantha at Palanpur; their number was reduced to three and the Political Agent for Banaskantha was placed under the Agent to the Governor-General. The important point to note is that the "salute" States in this Agency which up to 1924 had to deal with three intermediate links (*viz.*, the Political Agent, the Agent to the Governor of Bombay and the Local Government of Bombay) were left with only one link (*viz.*, the Agent to the Governor-General) with effect from October 1924.

(2) *Organisation*.—The Agency is under an Agent to the Governor-General and comprises Cutch and the States of Kathiawar and of Banaskantha. All the bigger, *i.e.*, the "salute" States, of which there are seventeen, deal directly with the Agent to the Governor-General. The remainder numbering 184, have their relations, in the first instance, with the Political Agencies of Western Kathiawar, Eastern Kathiawar and Banaskantha all of which are subordinate to the Agent to the Governor-General. Seventy-one of them exercise varying degrees of jurisdiction and the rest are non-jurisdictional; the latter are grouped under *thanas*.

Rajkot civil station is the headquarters and is under the administrative control of an Additional District Magistrate, who is also Under-Secretary to the Agent to the Governor-General.

The following officers are employed in this Agency:—

- (i) An Agent to the Governor-General on Rs. 4,000 with a *sumptuary* allowance of Rs. 250 per mensem.
- (ii) A Secretary and an Under-Secretary.
- (iii) Three political agents, one each for Banaskantha, Eastern Kathiawar, and Western Kathiawar.
- (iv) A number of political officers of the status of officers of the "provincial" services. A few of them do judicial work; the others are employed on work similar to that of officers of the provincial executive services in the major provinces.
- (v) A Residency Surgeon who also works as Chief Medical Officer and gets a special pay of Rs. 250 per mensem for such duty. He also gets Rs. 75 per mensem for the supervision of *thana* dispensaries and Rs. 100 per mensem for the medical charge of the Rajkumar College at Rajkot.

(vi) A Deputy Inspector-General of Police (pay on the I. P. S. scale *plus* a special pay of Rs. 250 per mensem), an Assistant Superintendent of Police (with a special pay of Rs. 150 per mensem) and three Deputy Superintendents of Police (with a special pay of Rs. 100 each).

(vii) A Judicial Commissioner (on Rs. 3,000 *plus* overseas pay) who works as such for Ajmer Merwara and "Rajputana" also ; a District and Sessions Judge and a Civil Subordinate Judge.

(viii) An Executive Engineer.

(3) *Special Functions*.—Besides conducting the usual political relations with the "non-salute" States in their charge the political agents in this Agency have to supervise the actual administration of a very large number of small States and Estates, their duty in this respect being analogous to those of district officers. In addition, the exercise of "residuary jurisdiction" in petty chiefships with limited powers involves judicial work, civil and criminal, original and appellate.

(4) *Expenditure*.—The total expenditure in 1913-14 on the Kathiawar, Cutch and Palanpur agencies which now constitute the Western India States Agency was 5.97 lakhs. But this figure does not include certain heads of expenditure, which are included in the figures for 1924-25 *et seq.* Hence a true comparison is not possible except from 1924-25.

The following table shows the growth of expenditure since 1924-25. The area is only a political agency and not a minor administration, Hence no distinction has been made between "central" and "provincial" subjects.

	1924-25	1925-26	1926-27	1927-28	1928-29	1929-30	1930-31	1931-32
A.—Political ..	6.20	6.19	6.05	7.22	7.25	7.29	7.33	7.15
B.—Police ..	7.62	5.73	5.82	5.51	5.90	6.00	5.95	5.90
C.—Public Health ..	.03	.03	.03	.03	.03	.03	.03	.03
D.—Stamps ..	.02	.03	.02	.01	.01	.01	.01	.01
E.—Ecclesiastical ..	..	..	.03	.03	.03	.02	.03	.03
F.—Education ..	..	.03	.11	.24	.26	.19	.19	.18
Famine Relief ..	..	..	.06	..	..	..	..	..
Total (minus Excise) ..	13.87	12.11	12.17	13.09	13.53	13.59	13.60	13.36
G.—Excise ..	..	..	..	..	2.39	3.85	3.49	3.47
Total of A to G ..	13.87	12.11	12.17	13.09	15.92	17.44	17.09	16.83

Apart from the above heads which appear in the 'area' demand the following expenditure is included in other demands :—

Taxes on Income ..	..	.01	.01	.01	..	..	..	..
Salt ..	..	.13	.13	.13	.12	.13	.13	.13
Opium ..	..	.31	.32	.31	.31	.31	.31	.31
Currency ..	..	.06	.09	.03	.02	.04	.04	.04
Civil Works ..	..	.37	1.56	2.04	1.61	1.45	2.94	2.74
..	..	.88	2.11	2.52	2.06	1.93	3.42	3.22
Grand Total ..	13.87	12.99	14.28	15.61	17.98	19.37	20.51	20.05

We may now proceed to explain these sub-heads.

(A) *Political.*

In this Agency residuary jurisdiction is exercised by the Government of India on behalf of a large number of small States and estates. Hence administration is somewhat more expensive than in other agencies where similar conditions do not exist, at any rate to the same extent. The head "Political" includes, besides political expenditure proper, the cost of "Judicial", "Medical" and Public Works establishment.

Expenditure.

	1924-25	1925-26	1926-27	1927-28	1928-29	1929-30	1930-31	1931-32
Pay of Officers ..	3.05	3.04	2.93	3.00	3.24	3.13	3.02	3.29
Pay of Establishment	3.12	3.27	3.42	3.60	3.59	3.77	3.90	4.03
Allowances, etc. ..	.91	.68	.92	.91	.91	1.11	.93	.98
Supplies and Services	.52	.63	.51	.57	.58	.61	.85	.63
Contingencies ..	.72	.51	.42	.58	.44	.52	.61	.50
Grants-in-aid, etc. ..	.06	.09	.01	.01	.07	.08	.07	.07
Works ..	..	..	..	..	..	..	.25	..
Miscellaneous ..	..	..	..	..	..	..	..	.06
Deduct Recoveries ..	-2.18	-2.03	-2.17	-1.44	-1.58	-1.94	-2.30	-2.41
	6.20	6.19	6.04	7.23	7.25	7.28	7.33	7.15

The Judicial Commissioner's salary is debited in whole to the estimates of this Agency, although he is Judicial Commissioner for Ajmer-Merwara and "Rajputana" as well. The cost of the Executive Engineer is recovered from local funds. A set-off against establishment charges amounting to Rs. 2.00 lakhs on account of pay and .63 on account of leave and pensionary charges is made by recoveries from the various local funds.* Apart from the house-rent allowance of Rs. 22,900 of which Rs. 9,336 is recovered from local funds, the chief items of expenditure under the head "Allowances and Honoraria" are fixed and fluctuating travelling allowances. The head "Supplies and Services" amounting to Rs. 62,900 includes the expenditure of Rs. 26,700 on "Diet and Road Money to Witnesses".

Medical expenditure for the current year amounts to 1.34 lakhs, but from this figure recoveries amounting to Rs. 37,028 and receipts credited under the head "XIII—Medical" Rs. 6,000 have to be deducted. The net expenditure debitable to central revenues is therefore Rs. 91,178. The bulk of this expenditure is made up as follows :—

Cost of Chief Medical Officer	..	..	..	..	..	..	.18
Cost of West Hospital, Rajkot	..	..	..	..	..	..	.50
Cost of Scott Hospital, Palanpur	..	..	..	..	..	..	.10
Cost of Wadhwan C. S. Dispensary	..	..	..	..	..	..	.06
Subvention towards pensions	..	..	..	..	..	..	.05
							<hr/> -91 <hr/>

* Recoveries for leave and pensionary contribution are credited as revenue, while those on account of pay are treated as deduction from expenditure.

Except for the pensionary charges *thanas* pay in full for the dispensaries and sub-medical officers maintained for their benefit. Medical expenditure is not primarily incurred for the benefit of the States, though the hospitals and dispensaries are utilised by the subjects of the smaller States. On the other hand, the buildings and equipment of the hospitals, especially of the West Hospital at Rajkot, have to a large extent been paid for by contributions received from the various States in the Agency.

The creation of the post of Under-Secretary has involved an additional expenditure of Rs. 9,500, while a temporary post of Assistant Political Agent, Kathiawar, involving an extra expenditure of Rs. 13,200 was sanctioned for two years with effect from 1st April 1930. Additional staff and the taking over of the Wadhwan Station Dispensary have also caused an increase in expenditure. The provision of Rs. 6,000 under "Miscellaneous" is merely an accounting entry, and represents the refund to the Army Department of customs duty on imported stores used by Indian States Forces.

B. Police.—The expenditure on police has been as follows :—

	1924- 25.	1925- 26.	1926- 27.	1927- 28.	1928- 29.	1929- 30.	1930- 31.	1931- 32.
Pay of Officers	·39	·43	·44	·42	·46	·47	·46	·55
Pay of Establishment and Police Force	5·74	4·14	4·09	4·22	4·33	4·37	4·47	4·45
Allowances, etc.	1·53	1·29	1·24	1·25	1·25	1·31	1·33	1·34
Supplies and Services and Contingencies	·73	·70	·56	·64	·57	·56	·58	·45
Establishment charges paid to the local Government	·82	·06	·07	·03	·03	..	..	..
Grants-in-aid, etc. . . . .	..	..	·01	·02	·01	·01	·01	·01
	9·21	6·62	6·41	6·58	6·65	6·72	6·85	6·80
Deduct cost of additional police	—1·60	—·89	—·59	—1·07	—·74	—·73	—·80	—·90
Total	7·61	5·73	5·82	5·51	5·91	5·99	5·95	5·90

For comparison these figures need extensive adjustment and explanation.

In 1924-25, the police charges of Mahi-Kantha and Rewa-Kantha Agencies (amounting approximately to 1·53 lakhs) were wrongly debited to this head. On the other hand, there were some arrear recoveries in 1924-25 on account of the police supplied to railways. The abolition of the police in Cutch on the abolition of the Cutch Political Agency led to some reduction of expenditure which, however, has been swallowed up by increase elsewhere.

The explanation necessary for a true grasp of the nature of this outlay and its growth is mainly historical. Between 1871 and 1881, the Baroda Darbar in accordance with treaty stipulations maintained the Gaekwar contingent—a body of 3,000 cavalry—for the maintenance of order in Kathiawar and in the agency tracts in Gujarat. In 1881, this force was abolished and Baroda agreed to pay instead a sum of Rs. 3½ lakhs out of the tribute collected by Government on behalf of Baroda. In 1886, the subsidy was distributed among the Kathiawar, Mahi-Kantha, Palanpur and Rewa-Kantha Agencies, their respective shares being 1·60, 1·10, ·70 and ·35 lakhs.

The sum of 1·60 mentioned above for Kathiawar together with Rs. 15,312 on account of *chowth* recovered from Junagarh was definitely set aside to meet the cost of the reorganized Kathiawar Agency Police Force which took the place not only of the Gaekwar contingent but also of the existing Imperial Police and local police forces maintained in the various *thanas*. This force was reorganised and strengthened from time to time as circumstances demanded. Apart from the usual reasons the growth of expenditure on its account was due, partly to the assumption of increased duties consequent on the opening of railways in Kathiawar and partly to the growth of the Civil Stations. The Government of India only recover from Railway-owning States, (Bhavnagar, Junagarh, Gondal, Porbandar, Morvi, Jamnagar and Baroda) the cost of the Police employed on such Railways as were opened before 1905. The Rajkot and Wadhwan Civil Station Local Funds were relieved in 1922 of the duty of maintaining their Police forces. It will, however, be seen that the gross or the net expenditure on Police has not grown much since 1925-26.

It thus appears that from the sum of 5·90, which is the total nominal cost of the Agency Police, the following deductions should be made before the true cost, which the British-Indian taxpayer has to pay for the maintenance of law and order in this Agency, can be arrived at :—

(1) Share of Gaekwar's subsidy for Kathiawar	1·60	} 2·45
(2) Share of Gaekwar's subsidy for Palanpur	·70	
(3) Junagarh <i>Chowth</i>	·15	

As regards the cost of policing the Rajkot and Wadhwan Civil Stations which are "administered" areas held on lease, the department's view is that it should be treated as if it was tantamount to the cost of policing regular British-Indian territory. In the case of Railways opened since 1905 its view is the same. We do not agree that these items should be excluded. We may cite the case of Aurangabad where too police expenditure is no longer recovered from the Local Fund. It is, however, a burden on the British-Indian taxpayer in general. Similarly, the fact that the Agency exercises jurisdiction over railway lands does not make them British Indian territory or British area. We thus conclude that the net cost of Police to the British-Indian taxpayer is 3·45 lakhs.

C.—*Public Health*.—Prior to the formation of the Agency Public Health expenditure had been debited to Bombay provincial revenues. On the assumption of direct relations it became necessary to provide for this expenditure in the Budget of this Agency from 1925-26 onwards. This accounts for the increase.

D.—*Stamps*.—In 1924-25, there was some expenditure but it was not shown in the estimates for this agency but under Stamps. In the table, however, we have shown the adjusted figures.

E.—*Ecclesiastical Rs. 3,000*.—This is partly a new charge incurred in 1926-27, for the first time and partly a transfer of expenditure from the head "Political" in the Agency budget in connection with the care of certain cemeteries in the Agency.

F.—*Education*.—Expenditure on education in 1924-25 was shown in the “subject” demand, and amounted to Rs. 3,000 only. The growth is largely a consequence of the five-year programme.

G.—*Excise*.—The excise arrangements, for which the Government of Bombay were responsible, were transferred to the control of the Agent to the Governor-General with effect from 1st October 1928. Against the expenditure on account of the cost of opium purchased from the Opium Department there are receipts when the opium is sold to the States and Talukas in the Agency; the anticipated receipts on this account during the current financial year amount to 3·82 lakhs.

(5) *Inchcape Committee's proposals*.—This Committee recommended that if the States were to have direct relations with the Government of India, “the possibility of uniting Baroda, Kathiawar, Cutch, Mahikantha and Palanpur* under a single Agent to the Governor-General with a view to effecting economies in establishment sufficient to reduce the expenditure to the 1913-14 level” should be explored, and that meanwhile a reduction of at least 1·75 lakhs in the total political budget for Bombay Presidency (excluding Aden) should be effected in 1923-24. It is not known what portion of this reduction was to be in the budgets of the agencies which now constitute the W. I. S. Agency, but presumably most of it was intended to be made in these budgets. (It is the only case in which that Committee recommended a major change of policy.)

(6) *Departmental offer*.—The department provisionally offered a saving of 1·68 lakhs on the total budget of 16·83 lakhs. The offer was informal and details were promised later. The information subsequently furnished has been reproduced below :—

	Lakhs.
	Rs.
(1) Under ‘Political’—	
(i) Abolition of 2 posts of Assistant and Deputy Political Agents	·190
(ii) 15 per cent. reduction in ministerial and menial charges	·270
(iii) Reduction in medical charges	·180
(iv) Reduction in allowances, contingencies, etc.	·142
(2) Under ‘Police’—	
Reduction in allowances and Supplies and Services	·135
(3) Under ‘Public Health’	·010
(4) Under ‘Ecclesiastical’	·015
(5) Under ‘Stamps’	·006
(6) Under ‘Education’	·020
(7) Under ‘Excise’	1·050
	<hr/>
	2·017
	<hr/>

* Meaning presumably Banaskantha Agency and not merely Palanpur State. Palanpur town was and still is the headquarters of the Banaskantha Agency.

We are unable to say whether any part of the reduction of 1·05 offered under Excise is on account of any reduction of excise establishments or of other heads of genuine expenditure and we presume that the whole of it is on account of the cost of opium purchased for supply to States and Estates. If this assumption be correct, the département's offer amounts, in effect, to a genuine reduction of expenditure by only ·97.

(7) *Our proposals.*—We find that expenditure has grown from 12·11 in 1925-26* to 17·09 in 1930-31 and 16·83 in 1931-32, *i.e.*, by nearly 40 per cent. If expenditure incurred under other heads than the area demand is included, the growth of expenditure is even larger, *viz.*, from 12·99 in 1925-26 to 20·51 in 1930-31 and 20·05 in 1931-32, *i.e.*, by a little under 60 per cent. One of the main avowed reasons for bringing the States of Cutch, Kathiawar and Banaskantha into direct relation with the Government of India was to reduce expenditure, and it was on this specific ground that the Inchcape Committee recommended that "the possibility of uniting Baroda, Kathiawar, Cutch, Mahikantha and Palanpur under an Agent to the Governor-General be explored with a view to effecting economies in establishment sufficient to reduce the expenditure to the pre-war level". That Committee further proposed a budget of eight lakhs for political expenditure in the whole of Bombay Presidency, *i.e.*, for this agency and also for the Mahikantha, Southern Maharashtra and some minor agencies. Even if the reduction proposed by it were to be distributed *pro rata*, and not be reserved exclusively for the Agencies now represented by and constituting the Western India States Agency (see paragraph 5), the 1922-23 budget of 5·97 lakhs for those agencies would be reduced to 4·90. Even if some allowance were to be made for a proportionate share of the provisions for "Miscellaneous" and "Envoys, State Refugees, etc.", the budget contemplated by that Committee for the Western India States Agency would be only about 5½ lakhs. Instead we find that this one Agency alone is now costing nearly 7·15 lakhs. We are aware that these figures are not strictly comparable, but after making allowances we consider that it should be feasible to effect a permanent saving of 3¼ lakhs in the budget of this agency, including the reduction of 1·05 proposed by the department in the provision for Excise. In the absence of the necessary information we are unable to suggest specific directions along which the expenditure can be reduced; we are therefore compelled to leave it to the department to work out its scheme. We may, however, indicate a few broad lines.

(i) The post of Under-Secretary is a recent creation and might be abolished.

(ii) One post of a Political Agent might perhaps be abolished. Now that Palanpur and Radhanpur States deal direct with the Agent to the Governor-General, Banaskantha Agency has very light work. The Political Agent for Western Kathiawar has his headquarters at Rajkot itself. These two facts offer an obviously suitable field for investigation with a view to retrenchment. We think it feasible to effect economy by extending the jurisdiction of the Political Agent for Eastern Kathiawar to a part of Banaskantha, or alternatively, by giving Banaskantha work to Mahikantha.

* The figures for this year have been taken, as the Agency was established in its present form in October 1924.

(iii) The Police Force appears to us to be over-officered. The Mahikantha police force of over 350 men has only a Deputy Superintendent assisted by an Inspector at its head. We therefore, think that it should be possible to reduce the number of officers for the Western India States Agency police from 5 to at the most 3. We suggest that the Assistant Superintendent's and one of the three Deputy Superintendent's posts should be abolished.

(iv) The status of the principal Police Officer should be reduced to that of a District Superintendent, saving Rs. 250 per mensem on account of his special pay.

(v) Similarly even if the Assistant Superintendent's post is retained his special pay* of Rs. 150 per mensem as also the special pay* of Rs. 100 to the Deputy Superintendents should be abolished.

(vi) Consistently with the line taken by us in the case of Central India, Rajputana, Delhi, etc., the special pay of Rs. 250 to the Residency Surgeon for his duty as Chief Medical Officer and the allowance of Rs. 75 for the supervision of *thana* dispensaries should be abolished. The Residency Surgeon's post would still continue to be a coveted one on account of the opportunities for lucrative private practice among the States which would still continue to be available.

(vii) We may, however, add that the grants from central revenues for Education and Public Health are already very meagre (Public Health Rs. 9,000 and Education Rs. 18,000) and therefore in our opinion no reduction of these grants should be effected. We are not prepared to support the department's offer of Rs. 3,000 under these heads.

(viii) A share, say one-half or one-third, of the cost of the Judicial Commissioner should be debited to Ajmer-Merwara; even if the post cannot be abolished, its reduction to the I. C. S. scale *plus* a special pay should be considered. It should be thrown open to officers of the provincial judicial services and to the bar. We may add that the Judicial Commissioner of Sind is an officer drawn from the bar.

(ix) The status of the Engineer might be reduced to that of a District Engineer. His pay is in fact recovered from local funds. We understand that his duties are not as onerous as those of the average Executive Engineer.

(x) Reduction of establishments in excess of that proposed by the Department (*vide* paragraph 6) appears to us to be practicable, but we cannot suggest a detailed scheme of reduction, since we do not know the relationship between expenditure from central revenues and from local funds.

(xi) The reduction we propose will leave the budget of this Agency under all "area" heads other than Excise at a little over 10 lakhs. Though this is 2 lakhs below the 1925-26 budget for the same heads, it compares very favourably with the budget proposed by the Inchcape Committee.

* These special pays to police officers appear to have been granted with effect from 1922-23

(xii) Further, we presume that against any decrease in the provision for the purchase of opium there will be a corresponding, though perhaps not equivalent, fall in Excise receipts. Under the circumstances we are content to accept the department's offer to reduce the expenditure for 1931-32 by 1.05 lakhs.

(8) Summary of savings.—3.25 lakhs including 1.5 lakhs under Excise.

CHAPTER XI.

POLITICAL—"NON-AREA".

INTRODUCTION.

(1) *Explanation of grant.*—The expenditure classified as "Political" is of a very heterogeneous character. Besides expenditure on the maintenance of Residencies and Political Agencies at the courts of or in connection with the Indian States, it includes (a) diplomatic and consular charges in Persia, Arabia, Afghanistan, Eastern Turkestan, Tibet, Aden and elsewhere, (b) charges for organising the Indian States Forces, (c) the cost of the Malwa and the Mewar Bhil Corps, (d) in some of the frontier areas, expenditure which in the provinces would be classified as the cost of General Administration and (e) miscellaneous expenditure, *e.g.*, on subsidies, trade agencies, refugees and State prisoners, educational institutions for Princes and Chiefs, etc.

Political expenditure relating to the various "Central" areas is shown in the respective "area" grants and has been dealt with under those grants. The rest of the political expenditure of the Government of India, *i.e.*, expenditure on political agencies in some of the Indian States, charges on account of diplomatic and consular services in Arabia, Persia and Afghanistan, the Aden political agency and certain trade consulates, charges for organising the Indian States Forces, expenditure on the Malwa and Mewar Bhil Corps and certain classes of miscellaneous political expenditure is provided for in a "non-area" grant of 97·97 lakhs. We shall deal with this expenditure in chapters XII to XXIII.

(2) *Progress of expenditure.*—The following tables show the progress of political expenditure: (A) total Political (*i.e.*, "area" and "non-area"), and total Frontier Watch and Ward expenditure and (B) non-area Political expenditure.

TABLE A.

Total expenditure ("area" and "non-area") under Political and Frontier Watch and Ward.

	1924- 25.	1925- 26.	1926- 27.	1927- 28.	1928- 29.	1929- 30.	1930- 31.	1931- 32.
<i>Expenditure in India Present Head "Political".</i>								
Political Agents ..	74·14	72·53	75·43	82·51	82·28	82·18	90·52	86·75
Allowances to tribes	8·45	8·15	8·03	8·47	8·25	8·42	8·41	8·39
Diplomatic and Consular services in Persia.	14·43	16·61	9·23	9·23	10·32	9·19	8·74	8·88
Political subsidies ..	4·18	4·17	4·18	4·22	4·50	4·52	4·50	4·50
Entertainment charges	4·88	6·18	5·29	5·68	5·38	5·12	6·93	5·02
Refugees and State prisoners.	4·16	4·37	3·75	3·70	3·60	4·08	3·57	3·42
Special political expenditure.	10·00	10·17	10·04	10·64	10·00	10·05	49·89	10·00
Indian States Forces	4·61	5·10	5·71	5·76	5·97	5·91	6·00	6·47
Lighting and buoying of the Persian Gulf.	3·13	·46	—·15	..	..	..	..	..
South Persia Military Police.	·05	·24	—·02	·01	..	..	..	..
Miscellaneous Works ..	15·38 ·50	16·02 ·38	12·65 2·56	15·39 1·33	11·39 2·43	14·15 3·18	14·32 3·60	14·52 4·18
	143·96	144·38	136·70	146·94	144·12	145·80	196·48	152·13

<i>Present Head "Frontier Watch and Ward".</i>	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
Frontier Constabulary and Militia.	183.27	190.12	189.98	191.11	187.39	190.93	193.03	191.80
Other charges, excluding Works.	7.04	8.94	12.09	9.65	7.52	7.52	8.56	7.82
Works	*	*	*	47.94	58.30	69.94	71.16	52.63
	190.31	199.06	202.07	248.70	253.21	268.39	272.75	252.35
<i>Expenditure in England.</i>								
Political	11.15	14.37	14.42	10.81	14.16	15.10	11.88	12.70
Frontier Watch and Ward.	..	..	..	.98	1.17	.95	.80	1.10
Deduct—Recoveries from the Foreign office.	-9.22	..	-4.72	..	..	..	..	..
Total	336.20	357.81	348.47	407.43	412.66	431.24	486.91	418.34

* In these years, Frontier Watch and Ward works expenditure is mixed up with other civil works expenditure and cannot be separated.

† This is 1.00 lakh higher than the figures adopted by Finance Department, due presumably to the fact that a cut of that amount for probable savings has been left out from the estimates.

TABLE B.
"Non-area" Political Expenditure.

	1924-25.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
<i>Account I.—Political Agents.</i>							
A.—Aden	4.98	5.29	6.86	4.50	4.21	5.08	4.88
B.—Other Agencies and Residencies.	26.14	29.86	29.70	31.39	31.60	32.57	32.41
C.—Deduct charges recovered from Other Governments, Indian States, etc.	-2.13	-2.54	-2.60	-2.26	-.71	-.72	-.69
<i>Account II.—Other expenditure heads.</i>							
A.—Charges on N.-W. Frontier (Allowances to Dera Ghazi Khan tribes).	.13	.13	.13	.13	.13	.13	.13
B.—Charges on N.-E. Frontier	1.04	1.19	1.09	1.11	1.07	1.12	1.12
C.—Charges on account of diplomatic and consular services in Persia.	14.48	9.23	9.23	10.32	9.19	8.73	8.59
D.—Other diplomatic charges	4.84	4.98	6.31	5.59	3.00	4.07	4.04
E.—Political subsidies ..	3.06	3.06	3.09	3.07	3.09	3.07	3.07
F.—Entertainment charges ..	.83	.88	1.46	1.11	.41	.38	.40
G.—Refugees and State Prisoners.	3.19	3.48	3.39	3.29	3.57	3.21	3.15
H.—Special Political expenditure.	10.00	10.04	10.64	10.00	10.05	49.89	10.00
I.—Indian States Forces ..	4.61	5.71	5.76	5.97	5.91	6.00	6.44
J.—Works .. ..	.56	2.31	1.33	1.68	2.99	3.57	4.18
K.—Miscellaneous	14.00	7.48	10.91	6.85	9.39	8.25	7.49
Lighting and buoying in Persian Gulf.	3.13	—15	..	..	..	..	—
<i>Account III.</i>							
A.—Expenditure in England..	*	7.24	10.74	14.13	14.87	11.73	12.76
B.—Loss or gain by Exchange	*	2.46	.04	.03	.11	.15	..
Total	88.86	90.65	98.08	96.91	98.88	137.23	97.97

* Separate figures not available.

We may perhaps explain that prior to 1927-28 "Political" expenditure used to include expenditure relating to Burma and Assam which is now being shown under the head "Frontier Watch and Ward". For the presentation of comparable figures, "Watch and Ward" expenditure has been shown separately in Table A, the totals of which can claim to present as accurate a picture of the growth of expenditure as the radical accounting changes mentioned above would permit.

It is also necessary to explain that the total figures of political expenditure include provisions for payments in England, whether they refer to stores, or sterling overseas pay, deputation and leave pay or payments to His Majesty's Government.

(3) *Differentiation between "Foreign" and "Political"*.—The entire expenditure classed as Political in addition to other expenditure in the central areas with the exception of Delhi and Andaman and Nicobar islands is under the control of the Foreign and Political Department. "Political" (including Frontier Watch and Ward) expenditure forms about 64 per cent. of the total budget under the department's control.

The Foreign and Political Department has a staff of one Secretary and one Deputy Secretary for each of its two main sections, *viz.*, (a) Foreign and (b) Political. It has also two Under Secretaries and two Assistant Secretaries. The Department functions as one whole under the direct charge of the Governor-General and Viceroy. For administrative convenience its work is transacted in sections, but owing to the reactions of foreign and political policies on each other it is considered inexpedient to cut it into two separate departments. Subject to this explanation it may be stated that the Foreign Section of the department deals with diplomatic, political and trade relations on or beyond the frontiers of India and the administration of central areas on the Frontier, whereas the Political Section deals with political relations with the Indian States and the administration of certain central areas not situated on the frontier. (Two central areas, *viz.*, Delhi and Andamans are under the Home Department.) But there are some exceptions. The following statement shows which section is in charge of the various classes of the work of the Foreign and Political Department :—

- (I) *Foreign*.—(i) North-West Frontier Province and Baluchistan—*i.e.*, administration, Watch and Ward and political relations within these minor administrations—and the Kashmir frontier.
- (ii) Frontier Watch and Ward in Burma and Assam.
- (iii) Aden, Persia, Arabia, Afghanistan, Nepal, Tibet, Bhutan, and
- (iv) the consulates, etc., beyond the frontier.
- (II) *Political*.—(i) The Indian States comprised in the Indian Empire including Kashmir.

(Note.—The political agency at Gilgit in Kashmir State is subordinate to the Residency at Kashmir.)

- (ii) the administration of certain central areas, *viz.*, Ajmer-Merwara, the Civil and Military Station of Bangalore and "central" or "administered" areas in Rajputana, Central India, Hyderabad,

Western India States Agency and other Residencies and Political Agencies,

- (iii) the organisation of Indian States Forces,
- (iv) Mewar and Malwa Bhil Corps,
- (v) Excise compensations to States, and
- (vi) Chiefs' Colleges.

(4) *Functions of Residencies and Political Agencies.*—Broadly speaking, the functions of Residencies and Political Agencies are what might be called the functions of the diplomatic and consular services. But, since the Indian States are not sovereign independent entities, occasions arise when the paramount or suzerain power has to discharge functions, not all of which are definable. Perhaps the most important and frequent case of this type is administration during minority. In several of the smaller states, jagirs, taluqas and estates the political officers have to discharge judicial and occasionally even the ordinary administrative functions on behalf of the state or estate concerned. Finally, they are charged with the administration of assigned tracts and of certain areas, which though not British-Indian territory are administered direct by the Central Government. Generally speaking, these consist of cantonments, civil stations, combined civil and military stations and railway lands. Some of them are of considerable importance, e.g., Bangalore, Secunderabad, Mount Abu. In Baluchistan the Political Agents are also Deputy Commissioners and in the latter capacity administer regular British-Indian districts. Ajmer-Merwara is also administered by officers under the control of the Foreign and Political Department, even though like Delhi it is a British-Indian "province".

(5) *The Services.*—The Political Department cadre is recruited principally from the I. C. S. and the Indian Army. To a certain extent British officers of the British Army are also recruited. For the subordinate political posts officers are recruited either direct or from the various provincial civil services. Such officers are eligible for promotion to superior posts, but such promotion is very occasional. The total sanctioned strength of the Political Department cadre including various reserves is 175, or including 6 posts under the Government of Bombay, 181. The actual strength on 2nd January 1932 against a sanctioned strength of 175 was 147 plus 16 officers outside the cadre plus some "seconded" officers. The cadre consisted of 9 Residents of the First Class (8 on Rs. 4,000 and one, viz., the Chief Commissioner and the Agent to the Governor-General, North-West Frontier Province on Rs. 5,500); 9 Second Class Residents on Rs. 3,000 p. m.; 53 superior appointments on the time-scale of the Political Department, viz., Rs. 500—2,250 plus overseas pay; and 39 inferior appointments on the same time-scale. Of the time-scale appointments two are reserved for the members of the Provincial Civil Service, North-West Frontier Province. In appendix No. V we reproduce extracts from the Quarterly List of the Foreign and Political Department which gives some more detailed information on this point.

Besides these political appointments there are certain medical appointments under this department's control. Broadly speaking, these are filled from the cadres of the Indian Medical Service and the Indian Medical Depart-

ment. Most of these appointments are as Residency, Agency or Civil Surgeons or as Assistant Surgeons, but in exceptional cases some medical officers hold charge of jails or perform consular and diplomatic duties exclusively or in addition to their own duties.

There are a number of miscellaneous posts for the administration of Police, Justice, Jails, Revenues, Public Works Department, Education, Medical, Public Health, Ecclesiastical and similar activities. These will be described, as far as possible, in their relevant connections. Broadly speaking, the officers are borrowed from the provinces.

Although expenditure on Aden appears in the "non-area" grant (Bombay Circle of Account) in 1931-32, we observe that Aden has now appeared as one of the "areas" in the 1932-33 Detailed Estimates. We have therefore assigned a separate chapter to it.

APPENDIX V.

Strength of the Political Department Cadre.

Appointment with pay.				Number sanctioned.	Number on 1st July 1931.	Remarks.
Residents, 1st class, Rs. 4,000 (except Chief Commissioner and Agent to the Governor-General in the North-West Frontier Province) whose pay is Rs. 5,500.				9	7	These are localised appointments with fixed tenure of 5 years.
,, 2nd class, Rs. 3,000 ..				9	8	
Appointments on time-scale (Rs. 650—2,550)—						
Superior*	..	..	..	53	45(a)	*Excluding 3 appointments under the Government of Bombay.
Inferior†	..	..	..	40	32(b)	†Excluding 3 appointments under the Government of Bombay.
<i>Deduct</i> —2 appointments on time-scale (Superior or Inferior in the North-West Frontier Province) reserved for the members of the Provincial Civil Service.				2	..	
Total cadre posts to be filled by officers of the Political Department.				109	92	
Deputation Reserve	..	..	..	18	18‡	‡Excluding seconded officers.
Leave Reserve	..	..	..	38	37	
Training Reserve	..	..	..	11	10	
In transit	..	..	..	..	..
Total Strength				176	157	

(a) *Superior*.—The following three appointments are filled temporarily by non-Political Department Officers :—

1. Political Agent, Koweit Mily. Assistant Surgeon A. L. Greenway.
2. Consul General, Kashgar Captain G. Sherriff, R.A.
3. Political Agent, South Waziristan Bt. Major H. H. Johnson.
4. Assistant Commissioner, Mardan Vacant.
5. Resident, Western Rajputana States Vacant.
6. Political Agent, Bundelkhand Vacant.
7. Consul, Kerman Vacant.
8. Political Agent, Chagai and Deputy Commr., Shorabad. Vacant.

(b) *Inferior*.—The following 6 appointments are filled temporarily by non-Political Department Officers :—

- | | | | |
|---|----|----|--|
| 1. Vice-Consul, Bandar Abbas | .. | .. | Military Assistant Surgeon G. A. Richardson,
O.B.E. |
| 2. Vice-Consul, Mohammerah | .. | .. | Mr. H. G. Jakins. |
| 3. Under Secretary to A. G. G., Baluchistan | .. | .. | Lieutenant O. C. B. St. John. |
| 4. British Trade Agent, Yatung | .. | .. | <i>Vacant</i> . |
| 5. Assistant Political Agent, Chitral | .. | .. | Captain W. V. Crapp. |
| 6. Under Secretary, Persian Gulf | .. | .. | Mr. J. Croning. |
| 7. Senior Sub-Judge, Hazara | .. | .. | M. Muhammad Akbar Khan. |
| 8. Assistant Political Agent and
Commr., Sibi. | | | <i>Vacant</i> . |

* *N.B.*—The normal figure of recruitment is approximately two members of the Indian Civil Service every year rising to three every third year and six military officers to be reduced by one every third year.

Resident, 1st class (9).

- | | |
|---|--|
| 1. Resident, Hyderabad. | 6. Chief Commissioner and Agent to the
Governor-General, North-West Frontier
Province. |
| 2. Resident in Mysore. | 7. Political Resident in the Persian Gulf. |
| 3. Agent to the Governor-General in Central
India. | 8. Agent to the Governor-General in the
States of Western India. |
| 4. Agent to the Governor-General, Raj-
putana, and Chief Commissioner,
Ajmer-Merwara. | 9. Agent to the Governor-General, Punjab
States. |
| 5. Agent to the Governor-General and Chief
Commissioner, Baluchistan. | |

Resident, 2nd class (9).

- | | |
|--|--|
| 1. Resident at Baroda. | 6. Revenue and Judicial Commissioners,
Baluchistan. |
| 2. British Envoy at the Court of Nepal. | 7. Resident in Waziristan. |
| 3. Resident in Kashmir. | 8. Resident at Gwalior. |
| 4. Judicial Commissioner, North-West
Frontier Province. | 9. Agent to the Governor-General, Madras
States. |
| 5. Revenue Commissioner, North-West
Frontier Province. | |

Superior posts on the Political Department Cadre (53).

- | | |
|---|--|
| <i>Hyderabad (1).</i> | 10. Resident, Jaipur. |
| 1. Secretary, Hyderabad. | 11. Resident in Mewar, Udaipur. |
| <i>Mysore (1).</i> | 12. Political Agent, Eastern Rajputana States. |
| 2. Secretary, Mysore. | 13. Commissioner, Ajmer-Merwara. |
| <i>Central India (5).</i> | <i>Baluchistan (7).</i> |
| 3. Secretary, Central India. | 14. Secretary, Baluchistan. |
| 4. Political Agent, Baghelkhand. | 15. Political Agent, Quetta. |
| 5. Political Agent, Bhopal. | 16. Political Agent, Sibi. |
| 6. Political Agent in the Southern States
of Central India and in Malwa. | 17. Political Agent, Kalat. |
| 7. Political Agent, Bundelkhand. | 18. Political Agent, Zhob. |
| <i>Rajputana (6).</i> | 19. Political Agent, Loralai. |
| 8. Secretary, Rajputana. | 20. Political Agent, Chagai. |
| 9. Resident, Western Rajputana States. | <i>N.-W. F. Province (16).</i> |
| | 21. Secretary, North-West Frontier Province. |

22. District and Sessions Judge, Peshawar.
23. District and Sessions Judge, Dera Ismail Khan.
24. Political Agent, Dir, Swat and Chitral, Malakand.
25. Senior Sub-Judge, Peshawar.
26. Additional District and Sessions Judge, Peshawar and Hazara.
27. Political Agent, Khyber.
28. Political Agent, Kurram.
29. Political Agent, North Waziristan.
30. Political Agent, South Waziristan.
31. Deputy Commissioner, Peshawar.
32. Assistant Commissioner, Mardan.
33. Deputy Commissioner, Hazara.
34. Deputy Commissioner, Kohat.
35. Deputy Commissioner, Bannu.
36. Deputy Commissioner, Dera Ismail Khan.

Persian Gulf (5).

37. Secretary, Persian Gulf.
38. Consul, Kerman.
39. Political Agent, Muscat.
40. Political Agent, Koweit.
41. Political Agent, Bahrein.

States in Western India (4).

42. Political Agent, Banas Kantha Agency.
43. Political Agent, Western Kathiawar Agency.
44. Political Agent, Eastern Kathiawar Agency.
45. Secretary to the Agent to the Governor-General in the States of Western India.

Punjab States (1).

46. Secretary to the Agent to the Governor-General, Punjab States.

Gilgit (1).

47. Political Agent, Gilgit.

Khorasan (1).

48. Consul-General, Khorasan.

Sistan (1).

49. Consul, Sistan.

Sikkim (1).

50. Political Officer, Sikkim.

Kashgar (1).

51. Consul General, Kashgar.

Foreign and Political Department (?).

- 52 & 53. Two Deputy Secretaries.

Superior posts on the Political Department Subcadre, under the administrative control of the Government of Bombay (3).

1. Resident at Kolhapur and Political Agent, Southern Mahratta Country States.
2. Political Agent, Mahi Kantha.
3. First Assistant Resident at Aden.

CHAPTER XII.

GWALIOR RESIDENCY (76 LAKH).

(1) *Introductory*.—This Residency is charged with the conduct of political relations in the entire northern section of the western portion of Central India extending from the Chambal on the north to Bhilsa on the south and from Bundelkhand and the Jhansi district on the east to the Rajputana Agency on the west. The Resident deals direct with the Foreign and Political Department. Gwalior is the largest treaty State in Central India and one of the first half a dozen in India. Besides Gwalior the Resident's charge includes portions of certain other States.

The Gwalior Residency is an area measuring 1·17 square miles situated close to the cantonment of Morar, about four miles to the east of Gwalior and includes three villages. This area is administered by the Resident.

Expenditure and analysis of its growth.—The following table shows how the expenditure has varied :—

—	1913-14.	1922-23.	1924-25.	1926-27.	1927-28.	1928-29.	1929-30.	1931-32.
Pay of Officers ..	·39	·32	..	·44	·46	·43	·43	·43
Pay of Establishment	·11	·13	..	·11	·11	·12	·13	·16
Allowances ..	·03	·04	..	·05	·06	·05	·03	·05
Supplies and Services	} ·05	·09	..	·34	·07	·07	·06	·06
Contingencies ..					·07	·07	·06	·06
Deduct—Recoveries	—·07	—·03	—	..	..	..	..	..
Total ..	·51	·55	·71	·94	·77	·74	·72	·76

The expenditure on this Residency was ·52 and ·93 lakh (including "Works") in 1913-14 and 1924-25, respectively; the corresponding provision in the current year is ·96. The growth is due to the addition of a clerk and a servant, cost of Lee concessions, and additional grant for the maintenance of the Residency gardens and of furniture. The expenditure on "Works" and "Contingencies" is, however, less than in 1924-25.

Organisation.—The Residency staff consists of a Resident (on Rs. 3,000), a part-time Surgeon for the Residency and an Indian Assistant (on Rs. 300—500 plus a special pay of Rs. 50). Establishments consist of 11 clerks and 8 servants; in 1926-27 there were 8 clerks and 7 servants. The Civil Surgeon of Jhansi works as Residency Surgeon and gets an allowance of Rs. 100 p. m. for periodical visits to Gwalior. (The abolition of the Residency Surgeon's post was proposed by the department in 1922-23 but finally the decision was to keep the post in abeyance.)

(2) *Our proposals*.—The department has offered to reduce the expenditure by ·07 lakh including ·05 on the provision for Works which we shall deal with separately. The abolition of the allowance of Rs. 100 p. m. to the Civil Surgeon of Jhansi and of the posts of a clerk and a servant appear to be the remaining items of retrenchment. We do not consider the offer of ·02 adequate. By deleting the provisions for compensation for dearness of provision

and grain compensation allowance and further reduction under supplies and services and contingencies it should be possible to effect a saving of '05 and we recommend accordingly.

MYSORE RESIDENCY (2'00 LAKHS).

(3) *Introductory*.—This Agency is in charge of a Resident of the First Class on a pay of Rs. 4,000, who is also Chief Commissioner of Coorg and is responsible for the administration of the Civil and Military Station at Bangalore with a population of 134,113. Mysore and Baroda rank second among the Indian States. The Resident is assisted by a Secretary, an Assistant Secretary on Rs. 800—1,000 and a part-time Personal Assistant in receipt of a special pay of Rs. 100. Besides these officers a Residency Surgeon is also maintained. Officers' pay costs 1'09 lakhs. Establishments consist of 34 ministerial and 31 inferior posts and cost '40 lakh, including a provision of Rs. 1,400 for temporary establishment.

Expenditure.—The cost of the Mysore Residency including "Works" has grown from 1'33 lakh in 1913-14 and 1'70 in 1922-23 to 2'20 in 1931-32. The following tables show its progress. It will be seen that the growth took place mainly in the provision for the pay of officers. Staff too has grown appreciably.

TABLE A.

Expenditure (other than that on "Works").

	1913-14.	1922-23.	1924-25.	1926-27.	1927-28.	1928-29.	1929-30.	1931-32.
Pay of Officers ..	·82	·94	1·75	·87	·90	·92	·94	1·09
Pay of Establishments ..	·19	·32		·41	·43	·45	·45	·40
Allowances ..	·07	·13		·16	·22	·22	·27	·23
Supplies and Services ..	·14	·08		·26	·14	·16	·15	·16
Contingencies ..	·11	·20		·16	·23	·18	·20	·19
<i>Deduct—Recoveries</i> ..	—·04	..		—·06	—·06	—·05	—·06	—·07
Total ..	1·29	1·67	1·75	1·80	1·86	1·82	1·95	2·00

TABLE B.

Staff.

<i>Strength.—</i>								
Officers ..	..	..	..	..	3	3	3	4
Clerical ..	..	..	..	..	28	31	32	34
Menial ..	..	..	..	..	29	27	26	31

A part of this expenditure is recovered from the revenues of the assigned tract of Bangalore; some details of the existing arrangements have been given in the following paragraph.

Analysis of its growth.—Including works the expenditure in 1924-25 was 1'88 lakhs and the corresponding provision for 1931-32 is 2'20 lakhs. It appears, however, that the current budget provision has been reduced to 2'16 lakhs. Even then the expenditure has grown by '28.

- (i) The creation of certain new posts—an Assistant Secretary on Rs. 800—40—1,000, a Superintendent on Rs. 250—350, six ministerial posts and a Dafadar—compensated by the abolition of the Registrar's post (on Rs. 400—20—600), added '13 net to the cost.

(ii) Charging of a portion of the pay of a Superintendent of the Pay and Accounts Office, Bangalore, and the transfer of a clerk's pay from "32—Medical" to "29—Political" were mere accounting changes.

(iii) The minor reasons for increased expenditure were:—

Additional grant (Rs. 2,280) for care and repair of Residency house and gardens, cost of the Lee passages (Rs. 1,100), temporary weeding establishment (Rs. 1,400), increased provisions for the maintenance of a second motor car (Rs. 1,310), and under (a) travelling allowance (Rs. 7,900), (b) Contingencies (Rs. 8,760), and (c) Works (Rs. 2,730).

The total increase amounts to Rs. 38,430, against which there is an offset of Rs. 10,228, *viz.*, Rs. 3,080 by increased contribution from the assigned tract revenues on account of the additional staff and Rs. 7,148 on account of transfer of the provision for sterling overseas pay to the High Commissioner's budget and the posting of junior officers.

(4) *Retrenchment proposals.*—The Department has offered to reduce the expenditure by 20 lakh. We are not aware of the details, but, it seems, the abolition of the Assistant Secretary's post and two clerical appointments is contemplated by the department. In our opinion a saving of at least 38 lakh is feasible and should be effected.

Our specific suggestions are:—

(i) We have carefully considered the question whether a Surgeon is required for the needs of this Residency and for Bangalore of which it is claimed that he is in effect the Civil Surgeon. (Coorg is expected to make its own medical arrangements.) As explained by us in some detail in the case of Hyderabad, we consider it no longer necessary to attach surgeons to political agencies as a matter of course. We endorse the view held by those of us who have had occasion to visit Bangalore that this tract also does not require the services of such a costly medical officer maintained at the expense of the central revenues. Bangalore itself is a sanatorium with a salubrious climate and such medical aid as the Residency staff may need can be obtained from the local hospitals. Further, we presume that army surgeons are also available there. In the last resort it may be practicable to enter into an arrangement with the Mysore State, whereby in case of real necessity the services of the medical staff entertained by that State can be made available on reasonable terms to the Residency staff. As a counter-arrangement we have no objection to a Surgeon of somewhat higher status than the medical officers at present employed from Bangalore revenues being entertained for Bangalore proper. For the present, however, we recommend the abolition of the Residency Surgeon's post, saving 25 of which two-thirds, *i.e.*, 15 will be a real saving to central revenues. If Bangalore must have a Civil Surgeon, the cost of keeping one should be charged to the revenues of the Assigned Tract.

- (ii) The post of an Assistant Secretary on Rs. 800--1,000 can in our opinion be abolished without any risk, saving Rs. 9,800 of which two-thirds will be a real saving to central revenues. We note that this measure is in the department's contemplation.
- (iii) Further, we observe that the establishment which was 57 in 1926-27 and 61 in 1930-31 has now grown to 64. There is also a provision of Rs. 1,400 for temporary establishment. The department contemplates a reduction of two posts; we think this is not enough. A ten per cent. reduction should be effected; saving 64 lakh.
- (iv) The provision of Rs. 6,000 for sumptuary allowance appears to us to be excessive and should be cut down to Rs. 3,000. As regards the provision of Rs. 15,000 for travelling allowance, the department justifies it on the ground that the Resident has to visit Coorg (158 miles from Bangalore) frequently and to keep in touch with the chief officials of Mysore State and the Government of Madras at Ootacamund and that he has also to visit the Government of India headquarters at least once a year. We consider that there is considerable room for economy here, and we recommend that the provision should be reduced by Rs. 3,000.
- (v) The provisions of Rs. 16,100 under 'Supplies and Services' and Rs. 18,800 for 'Contingencies' should also be reduced by 03 each.
- (vi) Our proposals will reduce the expenditure by over half a lakh. We shall, however, be content if the Department gives effect to our proposals so as to save at least 35 to central revenues.

(5) *Proposals regarding (a) Coorg and (b) Bangalore.*—(a) So far as we are aware, nothing is now recovered from the provincial revenues of Coorg in respect of the pay, etc., of the Resident (in his capacity as Chief Commissioner) or of his staff. Under the amended Devolution Rules, Coorg enjoys a special constitution with a division between "central" and "provincial" subjects. On the analogy of the contribution which the revenues of the Assigned Tract have to make to the central revenues towards the cost of the Residency we recommend that the question of levying a contribution from Coorg also should be examined. Although we have no specific details to cite in support of our proposals, we consider that the contribution from Coorg should not be less than that of Bangalore. We may in fact refer to the Devolution Rules, which at first contemplated the levy of a contribution from Coorg revenues. This contribution appears to have been remitted with effect from 1926 or thereabouts. The entire position should be re-examined in connection with the place to be assigned to Coorg in the new constitution.

(b) The Inchcape Committee had recommended that the question whether the proportion of one-third recoverable from the assigned tract of Bangalore in respect of the cost of its administration by the Resident and his staff was sufficient payment for the actual cost of its administration should be examined. Under the existing arrangements one-third of the total budget cost under head "29—Political—Mysore" excluding the pay of the Assistant Secretary, Confidential

Assistant and the cost of maintaining Protestant cemeteries and isolated graves in Mysore State is debited to the revenues of the Assigned Tract. As regards the Assistant Secretary, two-ninths of his pay, and in the case of the Confidential Assistant one-half of his pay are recoverable from those revenues. The department claims that the distribution of the Residency charges between the Residency on the one side and the revenues of the Assigned Tract on the other was based on the broad principle that the work of the Resident and his staff might fairly be divided into three parts, (i) political, relating only to Mysore State, (ii) the administration of Coorg and (iii) the administration of the Assigned Tract. The department's objections to the exploration of the feasibility of a more accurate assessment of the work are that the Government of Mysore are not likely to agree to any such proposal and that in any case a revision of the terms of the existing settlement cannot be made before 1934-35. We consider that it is the department's duty to negotiate with the Durbar if there is, as we think there is, a good case for negotiation. We cannot accept the department's view that the Government of Mysore are not likely to agree to a revision of the present arrangements, if they are shown to be unfair to the Indian tax-payer.

As regards the second contention, we may explain that even if the existing settlement cannot be changed before 1934-35 there is no reason why negotiations should not be started at once with a view to its alteration on a more equitable basis. *Prima facie*, we are inclined to think that the strictly political share of the Residency expenditure should be much less than it is under the present arrangements. Our definite recommendation therefore is that this whole question including the desirability of maintaining a Civil Surgeon for Bangalore out of the revenues of the Assigned Tract should be explored afresh.

NEPAL (1.56 LAKHS).

(6) *Introductory*.—Under treaty arrangements an Envoy is maintained by the Government of India at the Court of Nepal, and by the Government of Nepal at the headquarters of the Government of India. The functions of both the Envoys are those of diplomatic representatives.

Expenditure.—The following table shows how the expenditure has grown from '76 in 1913-14 to 1.65 :—

	1913-14.	1922-23.	1924-25.	1926-27.	1927-28.	1928-29.	1929-30.	1931-32.
Pay of Officers ..	.51	.53	1.06*	.56	.64	.66	.63	.63
Pay of Establishment ..	.13	.24		.79	.74	.63	.57	.50
Allowances ..	.06	.14		.08	.10	.09	.20	.22
Supplies and Services ..	.01	.08		.01	.04	.12	.09	.07
Contingencies ..	.06	.14		.10	.09	.08	.21	.14
Deduct—Recoveries..	—01	—01		—01	—01	..	..	..
Total ..	.76	1.12	1.06*	1.51	1.60	1.53	1.70	1.56

* Includes Works; the corresponding 1931-32 provision is 1.65.

In return for assistance rendered during the European War an annual present of ten lakhs is also made to the Government of Nepal; the Department claims that this payment is permanent and cannot be reduced.

Analysis of its growth.—Including the cost of Works, the expenditure has grown by .59 since 1924-25. Out of this an increase of Rs. 55,800 is due to the

transfer of the cost of the Nepal Escort from the military to the political estimates. Cost of Lee passages (Rs. 2,400), education of medical students from Nepal at the Medical College, Calcutta, of which the Government of India have agreed on political grounds to bear the cost (Rs. 4,000), payment of customs duty on arms and ordnance stores supplied to the Nepal Government (Rs. 4,100), and the payment of increased emoluments on account of the revision of pay, accrual of increments, grant of special pays and increased compensatory allowances account for an additional expenditure of Rs. 17,300. Against the total increase of Rs. 73,160, there is an offset of '14, *viz.*, '00 medical and hospital stores, '02 maintenance and renewal of Legation furniture, '02 tour charges and contingencies, and '01 purchase and repair of tents.

Organisation.—Only three officers are maintained, *viz.*, (i) the Envoy, an officer of the status of a Resident of the Second Class and borne on the Political Department's cadre, (ii) a Surgeon on a pay of Rs. 1,500 *plus* a special pay of Rs. 150 and (iii) a Training Officer for the Nepal Escorts. The training officer is annually deputed for six months and the Escort is said to be maintained for ceremonial occasions. It costs '29 lakh on account of the pay of the ranks and '56 lakh in all. This expenditure used to be borne on the military estimates up to 1925-26, when it was transferred to "Political".

The 1931-32 provisions for the ministerial, menial and medical establishments are '17, '02 and '01 lakh respectively ; we do not know the numbers.

(7) *Proposals.*—The Incheape Committee had accepted the departmental proposal to reduce the expenditure by Rs. 14,700 and recommended a budget of '93 lakh, in addition to the annual present of ten lakhs.

The Department has offered to reduce the expenditure by '04 lakh. We presume that the principal item of retrenchment in the departmental scheme is to curtail the period of appointment of the Training Officer from six to three months.

We consider the departmental scheme for retrenchment inadequate. Our own recommendations are :—

- (i) The Escort costs '56 lakhs in all, out of which '47 is for pay and allowances. We were informed that the question of reducing the strength of the Escort or of replacing it by a small detachment of regular troops was examined and was dropped on the grounds that the Escort has been maintained at its present strength for many years and that the Nepal Government would be opposed to its reduction. The department based its decision on political reasons. But in the present acute financial difficulty we do not consider such heavy expenditure for purely ceremonial purposes justifiable. In view of the opinion expressed on this question we do not propose to go so far as to recommend its abolition. We do, however, think that the expenditure on the Escort proper should be cut down by at least one-half, saving '25 out of the provisions other than that for the Training Officer's pay.

We have considered the reasons adduced by the Department in support of the deputation of the Training Officer to Nepal. We are, however, not satisfied that it is really necessary to depute a Training Officer annually for six or, as is now proposed, three months. We recommend that the entire provision of Rs. 6,400 on account of his deputation be deleted, at least for some years.

On our proposals there will be a reduction of expenditure by ·31 lakh.

- (ii) Even when a deduction of ·56 for the Escort is made, the provision for 1932-33 still amounts to a little over a lakh. The corresponding actual expenditure in 1929-30 was approximately 1·14. We have already referred to the Inchcape Committee's proposal that including the cost of "Works" the expenditure on this Legation should be brought down to ·93. We recommend that the department should review the expenditure so as to bring it down to 1·20 lakhs (including ·25 for the Escort, but excluding "Works"). A perusal of the analysis of the growth of expenditure shows that *inter alia*, the additional provisions, since 1922-23, on account of special pays, duty allowances and compensatory allowances, might usefully be scrutinised afresh.

The budget recommended by us, viz., ·95 for expenditure other than that on the Escort will still give the department over ·10 more than the budget contemplated by the Inchcape Committee. Total savings ·36.

BARODA (1·02 LAKHS).

(8) *Introductory.*—Baroda and Mysore rank second among the Indian States and the Baroda Residency is among the oldest in India. Under a treaty concluded in 1805 Baroda accepted a subsidiary force and ceded certain districts for its maintenance. This treaty also provided that the foreign policy of the State including its relations with the Peshwa should be conducted by the Company. The claims of the Peshwa on the Gaekwar pending since 1807 were opened afresh in 1816 and, through British intervention, a treaty was signed in 1817, which made Baroda independent of the Peshwa.

Expenditure.—The expenditure on the Baroda Residency has grown as below :—

—		1913-14.	1922-23.	1924-25.	1926-27.	1927-28.	1928-29.	1929-30.	1931-32.
Pay of Officers	·66	1·12	{	·62	·51	·51	·50
Pay of Establishment	·40			·33	·33	·37	·38
Allowances	·04			·06	·02	·05	·04
Supplies and Services	·10			·13	·18	·11	·03
Contingencies			·13	·18	·11	·07
Total	·86	1·20	1·12	1·14	1·04	·97	1·02

Analysis of its growth.—The staff of this Residency has not grown in recent years. Compared with 1924-25 there is a decrease of Rs. 9,112. The posting of junior officers and the transfer of the provision for sterling overseas pay to the High Commissioner's budget account for nearly ·15 out of the ·16 gross decrease of expenditure. On the other hand the entertainment of an English teacher, two masters, a mistress, wedding establishment and revision of pay and

the accrual of increments have led to an increase of expenditure by a little over Rs. 5,000. Similarly, the provision for purchase and repair of furniture has increased by Rs. 1,200 and that for Secret Service by Rs. 100. On the whole, there is a net decrease of expenditure, as explained above, by Rs. 9,112.

Organisation.—There are only three political officers, *viz.*, a Resident of the second class, an Assistant Resident (Rs. 550—600) and an Indian Assistant (Rs. 300—500 *plus* a duty allowance of Rs. 75). A medical officer attached to the cantonment gets an allowance of Rs. 50 per mensem in respect of the medical charge of the Residency. Establishments—clerical, medical, educational and inferior—number 42.

Inchcape proposals.—The Inchcape Committee was informed that reduction in expenditure amounting to Rs. 6,000 had been effected. It recommended that the possibility of uniting Baroda, Kathiawar, Cutch, Mahikantha and Palampur under a single Agent to the Governor General should be explored with a view to bringing the expenditure down to the pre-war level.

(9) *Department's offer and our proposals.*—The department has offered to reduce the expenditure by .04 lakh by reducing the clerical establishment. This offer should be accepted. Further, in the light of the formation of the Western India States Agency, we do not think it is now necessary to retain the post of the Assistant Resident and recommend its abolition, saving Rs. 6,700 *plus* Rs. 600 (passage). Again, on grounds which we have explained in connection with Central India the provision of Rs. 400 for a special pay to the Executive Officer of Baroda Cantonment for excise and registration work in the Cantonment area should be deleted. The aggregate savings will thus be .11 lakh.

BAHREIN, MUSCAT, GWADUR AND SEISTAN AGENCIES.

(10) We shall deal with the cost of these Agencies along with the expenditure on the diplomatic and consular services in Persia and the Gulf littoral.

SIKKIM AND BHUTAN (2·15 LAKHS).

(11) *Introductory.*—This Agency is a new political charge comprising the State of Sikkim and is concerned with political relation with Bhutan and Tibet. It was created in 1905-06 on the transfer of the political relations with these areas from the control of the Government of Bengal to the Government of India.

Political relations with Bhutan began with the treaty of 1865 which still holds good. The subsidy to Bhutan which at first was fixed at Rs. 25,000 rose to Rs. 50,000 and is now Rs. 1,00,000.

Sikkim came into the Indian political system at the outbreak of the war with Nepal in 1814-15. On its conclusion the country between the Mooki and the Tista, which had been wrested from the Nepalese, was made over to the Maharaja of Sikkim. In 1841 the Government granted to the Maharaja an allowance of Rs. 3,000, subsequently raised to Rs. 6,000, as compensation for the cession of Darjeeling in 1835. It was abrogated in 1850 but after a decade was restored *ex gratia* and was by stages increased to Rs. 12,000 on the understanding that the increase had no reference to the increased value of Darjeeling

In 1893 certain regulations regarding trade, communications and pasturage were drawn up: these also provided for the establishment of a trade mart at Yatung on the Tibetan side of the frontier.

(2) *Expenditure*.—The following table illustrates the progress of expenditure under Account I:—

1913-14. 1922-23. 1926-27. 1927-28. 1928-29. 1929-30. 1930-31. 1931-32.

Pay of Officers	·28	·33	·39	·44	·47	·55	·49	·385
Pay of Establishment	·19	·21	·21	·21	·22	·20	·21	·22
Allowances, etc.	·10	·13	·16	·13	·15	·16	·13	·135
Supplies and Services and Entertainment Charges.	·10	·26	·35	·11	·11	·11	·11	·11
Contingencies	..	·07	·24	·13	·14	·14	·13	·11
Secret Service	..	·03	*	*	·04	·04	·04	·02
Deduct Recoveries	..	—·00	—·01	..	..	..	..	..
Total	..	·68	1·16	1·23	1·07	1·13	1·20	·98

* Included under Supplies and Services.

In addition, a subsidy of Rs. 1,00,000 per annum is paid to Bhutan and a payment of Rs. 12,000 per annum is made to Sikkim in respect of Darjeeling. A sum of Rs. 5,000 has been provided in the current year's budget for the education of Bhutan boys. The total 1931-32 provision thus amounts to 2·15 lakhs.

Analysis of its growth.—In 1924-25 the actual expenditure incurred was abnormally high, viz., 2·47 as against 2·15 provided in the current budget. The decrease is only nominal and has been occasioned by the following reasons:—

- (i) The 1924-25 actuals included expenditure on (a) the adjustment of special expenditure on account of Mr. Bell's mission to Lhasa (·10) and (b) the Political Officer's visit to Lhasa (·12).
- (ii) Transfer of provision for sterling overseas pay to the High Commissioner's budget (·03), and
- (iii) Transfer of provision under "Works" to the Yatung and Gyantse Trade Agencies budgets (0·15).

On the other hand expenditure has increased by about ·08 by revision of pay, etc., (·02), additional allotment for secret service (Rs. 500) and by a new provision (·05) for the education of Bhutanese boys. It will be seen that in reality expenditure has grown by 0·08.

Organisation.—There are only two officers, viz., a Political Officer (pay Rs. 500—2,300 plus a special pay of Rs. 200 plus language allowance of Rs. 100) and a Medical Officer (pay Rs. 500—850). The establishment consists of seven clerks, twelve servants and two agents of the Bhutan State.

(12) *Our proposals*.—Apart from noting that the Foreign and Political Department proposed to reduce the total expenditure (4·21 lakhs) on this

Agency and the two Trade Agencies by .42 lakh, the reduction being confined to the expenditure on the Trade Agencies, the Incheape Committee made no proposals.

The department has offered to reduce the expenditure of 2.15 lakhs by Rs. 5,000.

We agree that the subsidy of 1.00 lakh to Bhutan and the payment of .12 to Sikkim cannot be reduced. The budget amenable to retrenchment is thus reduced to 1.03 lakhs. We observe that the number of officers is the same as in 1913-14 and that the increased expenditure has been due to revisions of pay and the operation of the time-scales. Minor economies are, however, possible. In particular, we think that the provision for Secret Service should be reduced to the 1924-25 level. There is also room for economy under the head "Allowances." Our remarks* relating to the grant of a monthly language allowance, which we consider objectionable in principle, should, *mutatis mutandis*, be deemed applicable to the case of these Agencies also. Considering the special pay of Rs. 200 the need for continuing it as well as the sumptuary allowance should be scrutinised afresh. In any case, the language allowance should be converted into a lump sum payment rather than kept alive on a monthly basis.

We estimate that on our proposals it will be possible to reduce the expenditure by about .10.

GYANTSE AND YATUNG TRADE AGENCIES (2.29 plus .22 = 2.51 LAKHS).

(13) *Introductory*.—Of the three trade marts in Tibet that at Yatung had been opened in 1894 in accordance with the convention of 1893 with China. Gyantse and Gartok were opened after the expedition to Tibet in Lord Curzon's time, and the regulations contained in the Anglo-Chinese Agreement of 1893 were applied to them. British subjects were allowed to rent houses and purchase and sell goods without vexatious restrictions. Goods other than arms, ammunition, military stores, salt, liquors, and intoxicating or narcotic drugs, entering Tibet from British India across the Sikkim-Tibet frontier, or *vice versa* were exempted from duty for a period of five years; on the expiration of that term a tariff, if mutually agreed upon, could be brought into operation.

The Trade Agents at Gyantse and Yatung are also, *ex-officio*, Assistants to the Political Officer in Sikkim, and we understand that apart from looking after trade interests, they have, under the Tibet Trade Regulations of 1908, to perform miscellaneous political functions and to assist British subjects generally, inquire into disputes between British subjects and those of Chinese, Tibetan and other nationalities and to exercise jurisdiction over British subjects accused of offences at the marts or on the routes leading thereto.

Expenditure.—The most important items of expenditure under Gyantse are 'Supplies and Services' and 'Works.' The former includes the maintenance of postal and telegraph lines and of horses and ponies required for postal service on the Phari-Gyantse line; this service is admittedly maintained on political grounds. In 1931-32 provision for postal services including overhead charges is 1.24 lakhs and the provision for the telegraph lines is .38 lakh. The cost of maintenance of animals (.25 lakh) is also additional expenditure on the maintenance of the postal lines.

*Chapter I, para. 9 (iii) and Chapter III, page 54.

The expenditure on these Trade Agencies has varied as below :—

1913-14, 1922-23, 1926-27, 1927-28, 1929-30, 1930-31, 1931-32.

Gyantse.

Pay of Officers ..	..	{	·02	·10	·16	·15	·12	·12
Pay of establishment ..	..	{	·12	·12	·13	·15	·16	·17
Allowances ..	..	{	·04	·09	·09	·12	·127	·144
Supplies and Services ..	..	{	1·21	1·62	1·44	1·52	1·86	1·71
Contingencies ..	..	{	·10	·09	·09	·10	·13	·13
Secret Service ..	..	{	..	..	·01	·01	·02	·02
Total ..	..		1·50	1·49	2·02	1·92	2·05	2·29*

* There is also a provision of ·34 for works in addition to the usual one which for 1931-32 is ·12, i.e., the total provision for 1931-32 is ·46.

Yatung.

Pay of Officers ..	..	{	·11	·01	·02	·04	·026	·02
Pay of Establishment ..	..	{	·09	·07	·06	·07	·08	·08
Allowances ..	..	{	·03	·02	·02	·04	·03	·03
Supplies and Services ..	..	{	·04	·04	·03	·02	·006	·02
Contingencies ..	..	{	·06	·04	·04	·05	·06	·06
Secret Service ..	..	{	..	..	·01	·01	·01	·01
			·29	·33	·18	·18	·23	·21
								·22†

† There are also provisions of Rs. 5,000 for works and Rs. 1,500 for entertainment.

Total for both	1·79	1·82	2·20	2·10	2·28	2·62	2·51
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Analysis of its growth.—It will be seen that the aggregate current provision for both Gyantse and Yatung is 3·04 lakhs. The corresponding figures for 1922-23 and 1924-25 were 2·30 and 2·49 lakhs respectively. Of the apparent increase of ·55, as much as ·51 is due to the transfer of the provision under "Works" from the Siklim and Bhutan budget. An increase of ·07 has taken place under Supplies and Services, Secret Service, Entertainment charges and contingent expenditure and an increase of ·07 has been caused by the grant of sumptuary and house-rent allowances. Additional appointments and the accrual of increments account for another ·05. Total gross increase of expenditure has been ·72. As against this ·72 there is a set-off of ·17 mainly due to the temporary amalgamation of the two agencies. Thus the net apparent increase of expenditure is ·55 and the net real increase is ·04. If, as the department contemplates, the Trade Agent at Yatung's post is also filled up, the real increase of net expenditure over the 1924-25 figures will be ·20 lakh.

Further, it will be seen that as regards the cost on account of pay of officers the roles of Gyantse and Yatung have been reversed since 1922-23, when also in connection with the retrenchment campaign of that year an arrangement similar to the present one was temporarily given effect to.

Organisation.—Gyantse has a Trade Agent on the Political Department's scale, a special pay of Rs. 200 and a sumptuary allowance of Rs. 100. His

language pay of Rs. 100 per mensem has recently been cut out. There is a provision of Rs. 600 in the 1931-32 estimates for a medical officer; we presume that this is for a special pay of Rs. 50 per mensem for looking after the medical needs of the Agency. Three clerks, a duffadar and a naik, one overseer (pay Rs. 200, whose post has since been reduced to a sub-overseer's) a sub-assistant surgeon, a vaccinator and nine servants make up the establishment. Since February 1930 a single officer, viz., the Agent at Gyantse has held charge of both the Gyantse and Yatung agencies. Hence the 1931-32 estimates provide only Rs. 1,800 for a special pay and charge allowance of Rs. 150 per mensem for the officer; he also gets the Yatung sumptuary allowance of Rs. 50 per mensem. Two clerks, a sub-overseer, a sub-assistant surgeon and four servants are the Yatung establishment.

(14) *Proposals*.—The Inchcape Committee was told that the department proposed to reduce the expenditure by '42 over the estimates of 1'82 for 1922-23. We presume that it contemplated a future budget of about 1'40 lakhs. In fact, the 1931-32 provision is 2'51 lakhs.

The department has offered to reduce the expenditure by Rs. 4,000 in the case of Gyantse and Rs. 2,000 in that of Yatung. We are not convinced that though called trade Agencies they are not being maintained in furtherance of Britain's imperial political interests. No evidence has been adduced to show that these agencies have helped the trade between India and Tibet to grow appreciably, nor that its volume and character justify such expenditure from Indian revenues. The officers are on the scales of pay in force in the Political Department and are under the control of the Foreign and Political Department and not the Commerce Department; in both these respects they differ from the special trade representatives of India contemplated by the Commerce Department scheme for Hamburg, Milan, New York, Alexandria, Mombasa and Durban.

As regards imperial and Indian politics in Tibet, we hold that China has now receded into the background, and we cannot see that India as such has any vital political, or even trade, interests in Tibet. Hence we see no justification for the expenditure on these Agencies continuing to be a charge on Indian revenues. The position is essentially similar to the position of the "consulates" in Persia, [vide Chapter XVIII, paragraph 6 (a)]. On grounds which we have set forth there we hold that His Majesty's Government should take over the trade agencies in Tibet including Gartok and their financial liabilities *in toto*. We recommend that the Government of India should initiate action to bring about such transfer as early as possible.

We may now proceed to indicate the room for retrenchment within the existing system, though for our calculation of savings we shall assume the transfer of the whole cost.

(i) Pending consideration of our main proposal, we see no reason why the present arrangement of a single officer holding the combined charge of both the trade agencies should not be made permanent. We understand that these agencies were once before also combined. The department considers that it is not impossible to make the present arrangement permanent; but it opposes such an idea on the following grounds:—

(a) Preservation of treaty rights and obligations.

(b) Desirability of training up an "under-study."

- (c) The fact that the Trade Agents' functions include the exercise of magisterial jurisdiction over British subjects accused of offences and the settlement of disputes between them and the nationals of other countries.
- (d) Undesirability of letting British subjects be tried by Tibetan officers.
- (e) The great distance—130 miles—between Yatung and Gyantse, the route having to traverse high passes, which are blocked by snow in winter.
- (f) Desirability of securing compliance with the restrictions and other conditions relating to the visits of Europeans.

Although these grounds may be sound from the strictly political point of view, they appear to us to be weak from the point of view of India's trade with Tibet. As regards the strictly political aspect, we have already stated that India should not be called upon to bear the burden of looking after Britain's imperial political interests in Asia. The claim that consular jurisdiction over British subjects must be maintained appears to us to be somewhat out of harmony with the trend of modern developments in Asia and likely to provoke conflicts which should be avoided. While therefore we think that for the immediate future, at any rate, the present policy might be continued, we see no reason why the present arrangements should not be made permanent.

In this connection we may draw attention to the fact that the present officer's emoluments over and above his pay and overseas pay amount to Rs. 600 as below :—

- Rs. 200 special pay.
- Rs. 100 sumptuary allowance for Gyantse.
- Rs. 100 language pay.
- Rs. 150 charge allowance for Yatung, and
- Rs. 50 sumptuary allowance for Yatung.

There appears to be considerable room for reducing the number and amounts of these emoluments; we draw special attention to the charge allowance and the additional sumptuary allowance for Yatung.

(iii) Even if it is considered expedient to maintain these agencies, we cannot see why expenditure should be allowed to grow so fast. In particular, we can see little justification for the maintenance of postal and telegraph lines at such enormous cost. It is true that these services have been established in pursuance of treaty obligations—rather rights—and that therefore the expenditure is charged to "Political." But we do not see political or trade advantages from the maintenance of these services commensurate with their cost. The department has promised to reduce this expenditure as far as possible. We recommend that it should be reduced to the level of, say, 1922-23.

(iv) We observe that even in a year of acute financial stringency '46 and '06 have been provided for "Works" under Gyantse and Yatung respectively. The aggregate provision for 1930-31 was about '37. Under the present financial stringency many beneficent activities in India proper are being curtailed. We cannot therefore justify expenditure on works outside the territorial limits of India growing so fast. It must not be forgotten that the maintenance of such services in Tibet is likely to benefit Tibetans more than Indians.

CHAPTER XIII.

POLITICAL EXPENDITURE IN MADRAS.

(1) *Introductory*.—The charges falling under Account I in this Circle of Account consist of the expenditure on (i) the Madras States Agency, (ii) the Consulate at Pondicherry and (iii) payment to the Madras Government for 'agency' work.

(i) In accordance with a recommendation in the Montagu-Chelmsford Report on Indian constitutional reforms, (paragraph 310 of the Report) Indian States in the Madras Presidency, viz., Travancore, Cochin, Pudukottai, Banganapalle and Sandur, were brought into direct relations with the Government of India through an Agent to the Governor-General, whose headquarters are at Trivandrum. The Agent is a Resident of the II class on Rs. 3,000 p. m. *plus* a sumptuary allowance of Rs. 200 p. m. He has an Assistant (pay Rs. 600) and an Indian Assistant (pay Rs. 300—500); the former post appears to have been kept vacant. There is a provision for a special pay of Rs. 100 p. m. presumably to a local medical practitioner for the performance of duties as medical officer to the Agency Hospital. The establishment of 23 (including medical staff) and of 27 servants costs Rs. 23,400.

(ii) A Consul on Rs. 1,785 is maintained for the sake of French India; his duties include assistance to the police in dealing with political refugees, prevention of the evasion of passport restrictions, and assistance to the mercantile community in matters of trade and shipping. His establishment numbers 14 and costs Rs. 5,300.

(iii) Certain minor political duties are still performed by the Secretariat and the officers of the Government of Madras, e.g., payment of stipends to the representatives of the Carnatic and the Tanjore families, the maintenance of a channel of communication between the Government of India and the French authorities at Pondicherry, services rendered by the Assistant Superintendent of Stationery. The Local Government perform these duties as agents to the Governor-General in Council and receive an annual payment of Rs. 11,600. The department contends that these duties cannot be performed by the Agent to the Governor-General without prejudice to his normal and more important duties and that in any case such an arrangement is not likely to yield any economy.

(2) *Nayar Brigade*.—A peculiar feature of the expenditure of the Madras States Agency is the adjustment of a sum aggregating Rs. 14,700 annually as contribution for leave, pension and passages of military officers lent for service in the Nayar Brigade. As the maintenance of this Brigade by the Travancore Darbar had tended to relieve the regular army of various duties connected with internal security in Central India, the Darbar was relieved, under an arrangement entered into in 1873, of the payment of leave and pension contribution in respect of British military officers employed with the Brigade. The adjustment used to be made under the Military estimates but has been transferred to the Civil estimates since 1923-30.

In 1930-31, the strength of the Brigade was 1471.

(3) *Expenditure*.—(a) *Explanation*.—The aggregate provision for 1931-32 is 2.59 lakhs of which .71 is absorbed by the pay of officers, .29 by the pay of establishments and .23 by allowances. Contingent expenditure amounts to

·22, ·12 is paid to Madras Government for agency work, and ·25 is spent on account of Mapillas and other prisoners and detenus. Of the other items of expenditure the most important are ·33 for miscellaneous expenditure and ·27 for Works.

Analysed on a different principle the Madras States Agency costs 1·61 lakhs including Works and other Political expenditure including the payment to Madras Government amounts to ·98, and is under the control of the Madras Government.

(b) *Progress*.—The following table shows the progress of expenditure :—

ACCOUNT I.

	1922-23.	1923-27.	1927-28.	1928-29.	1929-30.	1931-32-
<i>(2) Madras Agency.</i>						
Pay of Officers ..	·43	·60	·49	·57	·92	·49
Pay of Establishment ..	·21	·22	·21	·22	·22	·23
Allowances ..	·08	·22	·21	·25	·24	·22
Supplies and Services ..	·01	·03	·05	·03	·03	·04
Contingencies ..	·15	·19	·22	·19	·24	·20
Grants-in-aid ..	..	·02	·01	..	·15	·15
Total Madras Agency	·88	1·33	1·19	1·26	1·80	1·33
<i>(2) Pondicherry.</i>						
Pay of Officers ..	·14	·13	·08	·17	·24	·21
Pay of Establishment ..	·02	·05	·05	·05	·05	·05
Allowances ..	..	..	..	..	·01	..
Contingencies ..	·02	·02	·02	·02	·02	·02
Grants-in-aid ..	..	..	..	·02	·01	·01
Total	·25	·20	·15	·26	·33	·29
Amount payable to the Madras Gov- ernment for Agency work ..	·08	·17	·12	·12	·12	·12
Deduct Recoveries from Pudukkottai and Sandar States	—·03	—·02	..	..	..	..
Total Madras Account I ..	1·18	1·68	1·46	1·64	2·25	1·74

ACCOUNT II.

Refugees and State Prisoners ..	·20	·40	·34	·25	·25	·25
Works ..	..	·26	·25	·24	·24	·27
Miscellaneous ..	·06	..	·03	·01	·23	·33
Total of Account II..	·26	·66	·62	·50	·72	·85
Grand Total for Madras ..	1·44	2·34	2·08	2·14	2·97	2·59*

* The corresponding actuals for 1934-35 were 2·07 lakhs.

Analysis of the progress of expenditure.—(A) Madras States Agency.—The actual expenditure in 1924-25 was 1.08 lakhs; the corresponding provision for 1931-32 is 1.61 lakhs. During this period there was a gross increase of Rs. 61,618 and a decrease of Rs. 8,395. The net increase thus amounts to 53 lakhs.

The following reasons contributed to the increase:—

	Ra.
(i) Creation of a post of Indian Assistant	4,800
(ii) Provision for a motor lorry service for carriage of records, etc. on tour	2,879
(iii) Increased provision for travelling allowance	8,377
(iv) Contribution for leave, pension and passages of military officers lent for service in the Nayar Brigade	14,700
(v) Change of accounting methods	3,188
(vi) Provision for the cost of salutes to Chiefs and for customs duty on ordnance stores supplied to Indian States	600
(vii) Provision for Works in the Trivandrum and Bolghatty Residencies	27,100

The reasons for decreased expenditure were:—

(a) Transfer of provision to the High Commissioner's budget for sterling overseas pay and the posting of junior officers	5,725
(b) Variation in the pay of establishment on time-scale	30
(c) Decrease under "Contingencies" due to the provision of motor lorry service	2,640

(B) Expenditure under the control of the Madras Government.—Compared with the actual expenditure of Rs. 99,654 in 1924-25 the 1931-32 provision of Rs. 98,160 shows a decrease of Rs. 1,554. The factors which contributed to the growth of expenditure were:—

	Ra.
(i) Posting of a senior officer as His Majesty's Consul at Karikal and Pondicherry and the contribution for his passage	6,188
(ii) Cost of firing salutes	290
(iii) Increased provision under demarcation of boundaries	12,274
(iv) Small increases under Pay of establishment, Allowances and Contingencies	1,079

Against this gross increase there was a set-off of Rs. 21,293 as below:—

(a) The 1924-25 provision included Rs. 10,100 for arrears payments to Madras	10,100
(b) Decrease due to the fact that Collectors of Kurnool, Bellary and Trichinopoly were relieved of their duties as Political Agents	10,100
(c) Decrease in expenditure on account of Refugees and State Prisoners	1,997

(4) Departmental offer and our proposals.—We observe that the Income-tax Committee offered no remarks and made no recommendations on political expenditure in Madras.

The department has offered a total reduction of 27. We do not know the details. But from the memorandum supplied to the Legislature recently M27FmD

we gather that '04 is on account of "Works". One of the important items for retrenchment under the department's contemplation is the proposal to abolish the post of Assistant to the Agent to the Governor-General; saving Rs. 7,400.

We shall first make our main proposal and thereafter proceed to examine the expenditure in detail.

(A) *Main proposal*.—We propose that this agency should be amalgamated with the Mysore Residency. By common repute the principal Southern Indian States, *viz.*, Mysore, Travancore and Cochin are progressive and well administered States, over which supervision by representatives of the paramount power need not be so close as in the case of some others. The southernmost border of Mysore State is only about 75 miles from the northern border of Cochin State, and Bangalore and Mysore are both fairly well connected with Trivandrum and Cochin by rail and road. So far as we can see, there can be no important political consideration against the amalgamation of the Madras States Agency with the Mysore Residency. The case for the amalgamation of the Madras States Agency with the Mysore Residency appears to be even stronger than that for the amalgamation, already effected, of the Bundelkhand and Baghelkhand Agencies, since each of the latter have to deal with a number of States not well connected with each other and some of them even lacking plenary jurisdiction. In case the proposed amalgamation is effected, we shall have no objection to a somewhat senior assistant being maintained at Trivandrum for the disposal of the comparatively less important cases. In the course of his oral evidence the Political Secretary (Sir Charles Watson) told us that normally the amalgamation of one agency with another results in a saving of about 40 lakh. In this case the principal officer is not on the time-scale but on a special scale, *viz.*, Rs. 3,000. We therefore estimate that the saving resulting from our proposal should be about 50 lakh.

(B) (i) Coming to a detailed examination of the expenditure on this agency we agree with the department that the Assistant Secretary's post should, if this agency is to be retained, be abolished. (If on the other hand the agency is absorbed into the Mysore Residency, a senior Assistant's post might be created to take the place of the two posts of the Agent to the Governor-General and the Assistant Secretary.

(ii) Considering that the States in relation with this agency are Hindu States, the sumptuary allowance of Rs. 200 to the Agent to the Governor-General might perhaps be reduced to Rs. 100 p. m. We may add that the sumptuary allowance to the Political Agent, Bhopal, who now lives at the headquarters of one of the leading Mohammedan States of India is Rs. 100 p. m. We presume that at Bhopal entertainment has to be done probably on a larger scale than at Trivandrum and Bolghatty. Even then we have proposed, on grounds explained in the relevant connection*, the abolition of the allowance. Those grounds apply, *à fortiori* to this case.

(iii) We have given due weight to the Department's view that at Pondicherry it is essential to have an experienced and reliable officer as a full-time Consul.

* Vide Chapter VII—para. 6 (XIV), page III.

We observe that until recently the status and pay were much lower and further that the provision for a British Consul for Portuguese India at Goa is Rs. 400 p.m. The department's view is that Pondicherry being a larger and more important port with more traffic passing through it than Goa, arrangements similar to those in force at Goa are not practicable at Pondicherry. We concede that the departmental view has some force in it. But we do not agree that the case made out by it justifies a Consular post on Rs. 1,785, which has imposed an additional burden of over six thousand rupees on central revenues since 1924-25. We think that the status of the post should be reduced, the pay attached to it being reduced to, say, Rs. 1,000—1,200.

(iv) We endorse the department's view that no appreciable economy will result from making over to the Agent to the Governor-General or, under our proposal, to the Resident, Mysore, the work at present performed by the Madras Government or their officers.

(v) As regards the provision of Rs. 14,700 on account of the leave and pensionary contributions in respect of British military officers employed with the Nayar Brigade we observe that up to 1929 the contribution was charged to the army estimates. Considering that the officers concerned are British military officers, that the unit with which they are employed is a part of the army organisation of India, and that the justification for the undertaking of this liability lay in the fact that the Nayar Brigade tended to relieve the regular army of various duties connected with internal security in Central India, we think the army estimates should continue to bear the charge. The contribution should therefore disappear from the "Political" estimates. In this connection we invite attention to paragraph 9 (v) of Chapter I.

(vi) From an analysis of the expenditure on "Works" we find there is considerable room for economy. We shall, however, deal with the provision for "Works" as a whole.

(vii) *Miscellaneous*.—The 1931-32 provision is .33. The actual expenditure in 1927-28 and 1928-29 was only .03 and .01 respectively. On the other hand it appears that in 1924-25 the provision was about .18. We cannot account for the heavy growth of expenditure on the demarcation of boundaries. It appears to us that this item requires careful looking into. We are not, however, in a position to make any concrete proposals other than that a ten per cent. cut might be made. The resultant saving will be taken into account in Chapter XX.

(C) On the whole and subject to our main proposal regarding the amalgamation of this Agency with the Mysore Residency, we recommend acceptance of the departmental offer of .23 plus .01 under sumptuary allowance plus .06 for Pondicherry. To this we add .50 on account of the amalgamation with the Mysore Residency and .15 by transfer to the army estimates. The total reduction of civil expenditure will therefore be about .95 lakh. Making allowance for possible increase on certain items we shall calculate the reduction at .90 lakh.

CHAPTER XIV.

ADEN AND ARABIA.

(1) *Introduction.*—Before we proceed to deal with Aden, we may mention that a Residency at Baghdad and a Vice-Consulate at Jeddah and Hodeida used to be maintained from Indian revenues. The emergence of Iraq as a mandatory State did away with the Baghdad Residency. In connection with the retrenchment campaign of 1922-23 it was decided not to re-open the Vice-Consulate at Hodeida. The control of the Vice-Consulate at Jeddah was transferred to His Majesty's Government and, so far as we have been able to ascertain, the Government of India contribute one-half of the cost.

Aden.—Aden with the island of Perim commands the straits of Bab-el-Mandab at the southern entrance to the Red Sea. For a naval power desirous of guarding its line of communications and of dominating the Red and the Arabian Seas its situation is exceptionally favourable. The British-Indian Government had negotiated with the Sultan of Lahej for its sale. In consequence of his failure to complete the sale to which he had agreed and to grant satisfaction for the plunder and maltreatment of the crews of some British vessels wrecked on the Aden coast the port of Aden was bombarded and taken in 1839. The Sultan signed an agreement, under which in return for his engaging to maintain peace and friendship, the British Government agreed to grant certain subsidies to him and to some of the tribes. In 1867, the Sultan consented to the construction of an aqueduct for the supply of water from the Shaikh Othman wells to Aden. In 1869, the peninsula of Little Aden was purchased from the Chief of the Akrahi tribe and in 1887 a strip of the foreshore connecting Al Haswa and Bunder Fucum was also purchased. At various times treaties were concluded with the several tribes, extending to them and their territories the protection of the British Government.

Aden is now used principally as a coaling station and is a port of call for many of the steamship lines plying between Europe and the East. The manufacture of salt is the principal industry. India has large trade and industrial interests in Aden town and port and of the total population of 56,500 in 1921, 11,253 was Indian, mainly from the maritime districts of Bombay and the States of Kathiawar and Cutch. The latest census (1931) showed a total population of 51,478 but the figures relating to the numbers of Indians and non-Indians in 1931 could not be supplied to us.

(2) *Administrative arrangements and incidence of expenditure.*—For a long time the whole expenditure in Aden was borne by India, and the Government of Bombay administered it. Towards the end of the last century, His Majesty's Government agreed to make an annual contribution of £72,000. In 1917, the political and military control of Aden was taken over by His Majesty's Government. The Inchcape Committee recommended the examination of a suggestion received by it, viz., that (i) the Aden Settlement, town and port, should remain a part of India, all civil and military administration resting with the officers of the Indian Government and (ii) the Aden Protectorate and Political arrangements should be taken over by the British Government, which could obtain on payment from India such Indian troops as were necessary for the purpose. Under the arrangement proposed Great Britain was to accept responsibility for the protection of Aden, India making a reduced contribution

towards its defence. At the same time it recommended that (i) the garrison at Aden should be reduced to the pre-war strength, representing a saving of 10 lakhs on the 1922-23 estimates, (ii) a portion of the pay of the Chairman of the Port Trust should be transferred to the Port Trust Funds and (iii) political expenditure at Aden in 1923-24 should be limited to 3.79 lakhs. In fact, the actual expenditure in 1929-30 was 4.21 and the revised and budget estimates for 1930-31 and 1931-32 are 5.08 and 4.87 lakhs respectively. In 1927 an arrangement was entered into, under which His Majesty's Government became responsible for the whole of the military and political expenditure in Aden, the Government of India making a contribution of £250,000 for the first three years and thereafter, one-third of the total cost (including the cost of the air force units at Aden), upto a maximum of £150,000 per annum. In all political and military matters the Resident at Aden, who is also Commander-in-Chief, was made directly responsible to His Majesty's Government. On the other hand India became solely responsible for the civil administration of Aden town and settlement; in such matters the Resident and Commander-in-Chief is under the control of the Governments of India and of Bombay. The civil expenditure is shared between the Government of India and the Government of Bombay according as the items are 'central' or 'provincial'. We should, however, remark that certain items which properly speaking are provincial, e.g., expenditure on Education, Medical, Public Health, General Administration, are at present booked under the head "Political", which of course is a central subject.

We understand* that it has been decided that the Government of India should take over the civil administration from the Government of Bombay and set up Aden as a Chief Commissionership.

(3) (a) *Expenditure*.—The contribution to His Majesty's Government in respect of military and political expenditure, the 1930-31 provision for which is the full amount, viz., £150,000, is debited to the army estimates. In addition the expenditure which has been classified as civil is borne by the Government of India and the Government of Bombay. Owing to the change which took place in 1927 in the incidence of expenditure, we have not attempted to give the usual comparative figures. We may, however, remark that the actual expenditure in 1929-30 was 4.21 lakhs and the revised estimate for 1930-31 was 5.08.

(b) *Revision of establishments since 1927*.—The department has informed us that the transfer of the military and political control of Aden to His Majesty's Government in 1927 resulted in a considerable saving to Indian revenues on the cost of the superior establishment. Since 1930 the post of Third Assistant to the Resident is being filled, as an experimental measure, from the cadre of the Bombay Provincial Executive Service.

The question of reducing the enhancements of pay granted to the lower staff of the Civil Hospital at Aden in 1922 is under consideration. Similarly the abolition of one post of passport clerk is also being considered.

*This chapter was drafted a few weeks before the administration of Aden was taken over by the Government of India, and has been left unaltered. The conditions it pictures are those which existed generally in 1931-32.

(4) *Revenues and deficit*.—The principal sources of central revenues are Income-tax, Lighthouses and Lightships, Interest and Salt. We observe that in 1932-33 total receipts, both central and provincial, are estimated at 13·32 lakhs. The principal sources and the estimates under each are:—

Income-tax	3·37
Salt	·87
Excise	2·17
Stamps	·99
Interest	1·49
Police	1·72
Ports and Pilotage	·14
Lighthouses and Lightships	1·40
Medical	·27
Miscellaneous	·36

The following table shows the total receipts from “central” subjects and the deficit (apart from the contribution to His Majesty’s Government towards political and military expenditure) to central revenues:—

	1927-28.	1928-29.	1930-31.
Receipts	3·17	6·13	5·55
Expenditure	9·96	7·45	8·76*
Deficit	6·79	1·32	3·21*

*Includes Rs. 60,000 for a hospital scheme not included in the budget.

(5) *Organisation*.—In the budget estimates for 1931-32 provision has been made for the following officers:—

A Political Resident (Rs. 2,500 p.m. with a sumptuary allowance of Rs. 500 p.m.), an A.-D.-C. (Rs. 400—700), a Judicial Assistant (Rs. 1,000—2,250 *plus* special pay Rs. 150), a Surgeon (Rs. 750), three Assistant Residents (one on Rs. 2,150, another on Rs. 1,100 and the third on Rs. 500 *plus* a special pay of Rs. 150 p.m.), a Registrar and Judge (Rs. 300—50—750), a Deputy Educational Inspector (on Rs. 350—650) a Headmaster (Rs. 440), Chairman of the Aden Port Trust (only a part of whose cost is now debited to central estimates) and a Lady Doctor (Rs. 400—25—600). The budget includes provision for the following permanent establishment costing 1·28 lakhs (*viz.*, 1·21 on salaries *plus* ·12 for leave salary *minus* ·05 for probable savings).

	Executive and clerical.		Servants.	
	Number.	Provision.	Number.	Provision.
General Administration	27	·44	38	·11
Justice	16	·17	7	·02
Education	25	·23	9	·02
Medical	5	·06	24	·05
Trade Registration	7	·10	3	·01
Total	80	1·00	81	·21

(6) *Departmental offer*.—The Department has offered savings aggregating 16 lakh in the current year's budget provision of 4.88 lakhs. We do not know the details and are unable to say what portion of this expenditure represents permanent genuine savings. We were also informed that the department was contemplating a further reduction of about 20 lakh, but that the Bombay Government's reply was being awaited.

(7) *Our proposals*.—In dealing with Aden expenditure we feel we are under a considerable handicap. His Majesty's Government are now responsible for the political and military expenditure and the only concern of the Government of India in respect of such expenditure is to make a contribution (upto a maximum of £150,000) according to a certain formula. In our opinion, however, this fact should not stand in the way of the Government of India trying to get the formula revised. Our Sub-Committee is not concerned with military expenditure and since the contribution in respect of political relations is also lumped with the military contribution and the aggregate of both is provided for in the army estimates, it may be argued that it is not competent to review it. Without admitting the validity of such a contention we refrain from such a review. We shall therefore confine ourselves to an examination of the provision which is strictly under our purview, i.e., of the provision of 4.88 lakhs under head "29—Political". We are of course leaving out of consideration the expenditure at present borne by the Government of Bombay, in respect of which we have little information; in fact it seems that the Government of India themselves have none to communicate to us.

As remarked by us in para. 2 the Inchcape Committee recommended that political expenditure should be limited to 3.79 lakhs. Considering that military and political conditions in Arabia are far more settled than they were when that Committee reported, we think that the expenditure should, at least, be taken back to the neighbourhood of 3½ lakhs. For the present, however, we are content to put forward certain recommendations designed to reduce the budget provision from 4.88 to about 4.25 lakhs. Even this amount will be a little in excess of the actual expenditure in 1929-30.

The following are some of the specific lines of action we recommend :—

- (i) The post of A.-D.-C. to Resident on Rs. 400—700 appears to be a new creation in 1931-32. At any rate there was no provision for it in the 1930-31 budget. This post should be abolished; saving .07.
- (ii) For a small civil administration like that of the Aden Settlement, we consider it unnecessary to maintain the Second and the Third Assistant Residents. These two posts should also be abolished; saving .25.
- (iii) Further, we notice that the Resident's sumptuary allowance is as much as Rs. 500 p.m.—the same amount as is paid to the Chief Commissioner and Agent to the Governor-General, North-West Frontier Province. As in the case of that province this allowance should be reduced to Rs. 250 p.m.; saving .03.
- (iv) The new item of .53 in the 1931-32 estimates for a grant-in-aid for the drainage scheme in Tawahi and Maala may be capable of some reduction.

CHAPTER XV.

BOMBAY.

(1) *Explanation.*—The Accounts Circle Bombay accounts for the expenditure on four agencies, viz. (i) Aden, (ii) Mahikantha, (iii) Southern Mahratta country and (iv) Minor agencies. In this chapter we shall deal with only Account I, i.e., with expenditure (10·65 lakhs) on the Political Agencies and not with miscellaneous political expenditure (·65 lakh); the latter is accounted for in Account II and will be dealt with separately.

In view of the different history and present conditions of Aden we have dealt with it separately. The other three agencies will be dealt with in this chapter.

We may explain that Cutch, Kathiawar States and Palanpur, etc., used to be in political relations with the Government of India through the Government of Bombay. With the creation of the Western India States Agency under the direct control of the Government of India in October 1924, only the three agencies mentioned above now remain under the political control of the Government of Bombay.

A.—*Mahikantha Agency.*

(2) (a) *Introduction.*—The country covered by this Agency is a backward and hilly tract (area 3,124 square miles) and its population comprises Bhils and other aborigines. Of the 52 States and Talukas in this Agency only the States of Idar, Vijayanagar and Danta possess plenary jurisdiction; the others either have no jurisdiction at all or have it only in a limited form. The "residuary" jurisdiction, original as well as appellate, has to be exercised by the political officers.

The headquarters are at Sadra, which is only a small civil station on the eastern border of the Baroda enclave in central Gujerat.

(b) *Organisation.*—The political staff consists of a Political Agent and three Deputy Political Agents. An Assistant Surgeon, 56 clerks and 57 servants and a subordinate medical establishment of 12 are also maintained.

Besides his pay on the usual scale including overseas pay, the Political Agent gets a special pay of Rs. 250. Of the three posts of Deputy Political Agents, one is on the scale Rs. 550—600 and two others on the scale Rs. 350—600. The Assistant Surgeon's post is on Rs. 320 and he gets a special pay of Rs. 50.

(c) *Expenditure.*—Of the total gross provision of 1·43 lakhs officers' pay accounts for ·40 and the pay of establishment for ·81 lakh. The only other important provision is ·12 for travelling allowances.

A contribution is levied from the Consolidated Local Fund and the Sadra Bazaar Fund on account of the pay, leave salary and pension of the establishment payable from those funds. The total annual recovery is fixed at Rs. 53,160 of which Rs. 45,400 representing pay and allowances of the staff is taken as reduction of expenditure and the balance representing leave and pensionary contribution is credited to revenues.

The estimates also provide for an expenditure of 1·76 lakhs on the policing of the Mahikantha Agency, i.e., the civil station of Sadra and certain thence

Mahikantha, Rewakantha and the Western India States Agency has been given in Chapter X and need not be repeated. The expenditure on the policing of these areas is charged against central revenues to which are credited the tributes received from the States and also the Baroda subsidy of 3·75 lakhs which was expressly meant to provide for these police charges.

Growth of expenditure.—The following table shows the progress of expenditure on this Agency :—

		1922-23.	1926-27.	1927-28.	1928-29.	1929-30.	1931-32.
<i>Political and medical.</i>							
Pay of officers
Pay of establishment
Allowances
Contingencies
Grants-in-aid
<i>Deduct—Recoveries</i>	
Total
<i>Police Charges.</i>							
Pay of officers
Pay of establishment
Allowances
Supplies and Services
Contingencies
Payment to local Government
Total
Grand Total

(d) *Departmental offer and our proposals.*—(i) The Inchcape Committee was definitely “ of opinion that an arrangement under which the local Government is responsible for administration, while the cost is borne by the Central Government is unsuitable”, and recommended that if the States in political relations with the Government of Bombay were to be transferred to the Government of India, the possibility of uniting Baroda, Kathiawar, Cutch and Palanpur under one Agent to the Governor-General should be explored with a view to effecting economies in establishment sufficient to reduce the expenditure to pre-war level. We observe that while Kathiawar, Cutch and Palanpur have been amalgamated into one agency, Baroda and Mahikantha do not form part of it, and that Mahikantha and Rewakantha are still under the control of the Bombay Government.

The department's view is that it is impossible to abolish this agency or to amalgamate it with any other agency in Rajputana or in the Western India States. The grounds on which this view is based are :—

- (i) the country covered by this agency is a backward tract and contains an unusually large proportion of Bhils and other aborigines who are alleged to be very easily excitable,

- (ii) relations between the durbars and their nobles are said to be a constant source of trouble, and
- (iii) "the agency cannot be controlled at long range from either Mount Abu or Rajkot."

Further, it might be urged as an objection to any proposal regarding the absorption of Mahikantha Agency into Baroda Residency or Western India States Agency that it would automatically involve "direct relations" with the States in this agency which, we notice, are all comparatively small and unimportant. But we observe that many other small States and Estates, *e.g.*, in Bundelkhand and Baghelkhand, are, and have always been, in direct relations with the Government of India. We may now examine the objections urged by the department.

Sadra, the headquarters, is within less than a hundred miles of Palanpur and Baroda and has railway connections with them within fairly easy reach. Some admixture of Bhil and other aboriginal population is to be found in the populations of Palanpur, Baroda and many of the States of South-Western Rajputana, *e.g.*, Udaipur, Sirohi, Dungarpur and Banswara. Though the department is inclined to consider the existence of this population, alleged to be easily excitable, as a problem, we are not aware of any serious trouble having occurred in recent times in that area; in any case, it is hardly a valid plea against the amalgamation of Mahikantha with any other agency (*e.g.*, Banaskantha, Baroda, Udaipur) in charge of political relations with States which have also an aboriginal population to deal with.

Disputes between the durbars and their nobles are not peculiar to the Mahikantha States and do not necessitate the maintenance of a separate and special agency; the amalgamated agency also can look after them.

We should like to impress it upon the Department that from the point of view of administrative control and higher appellate judicial work it is clearly more desirable to bring Mahikantha in relation with Baroda or Banaskantha than to leave it to deal with a local Government, whose changing headquarters (Bombay, Mahabaleshwar and Poona) are hundreds of miles away from Sadra and from the capitals of the States and taluqas concerned.

Apart from the "amour propre" of the Bombay Government we can therefore see no great reason why Mahikantha should be maintained as a separate agency under the political control of that Government and we suggest that its absorption into a bigger agency, which presumably was in contemplation when the Inchcape Committee reported, should now be brought about. Considering the traditional link of the States and Taluqas comprised in this agency with Baroda State and also the fact that Baroda is probably more easily accessible to them than Rajkot, we think it *prima facie* feasible and desirable to amalgamate it with Baroda Residency. But we do not bar the possibility of the balance of advantage being found, on examination, to lie with its amalgamation with Banaskantha (which is reputed to be a light charge), or even with Udaipur and Mount Abu. For purposes of calculating savings we shall assume such amalgamation.

If necessary, a political officer of the status of an Assistant or a Deputy may be kept at Sadra. In any case it should be possible to reduce the status of the present post and also to abolish the post of one of the three deputies.

(ii) In case, however, our suggestion above is rejected, the most costly of the three posts of Deputy Political Agents should be abolished.

(iii) We are doubtful if it is necessary to attach a special pay of Rs. 250 (25 per cent. of the pay proper of the present incumbent) to the post of Political Agent. In practice, the officer concerned is likely to correspond in status to a provincial service officer or to a junior officer of the Political Department. Even for onerous special duties the special pay is generally fixed at a figure not exceeding 20 per cent. We think, this special pay should be abolished. In any case, it is disproportionate and should be considerably reduced.

We are not sure that in a place like Sadra, where the Assistant Surgeon is not likely to have any serious professional competition, it is necessary to attach a special pay to his post.

(iv) Minor economies under Allowances, Supplies and Services Contingencies and Grants-in-aid appear feasible.

On our proposals there should be a reduction of expenditure of about 20 lakh, exclusive of the reduction of expenditure on Police. We also assume that the reduction proposed by us will mainly be a saving to central revenues and that it will not merely afford relief to the Sadra Bazaar Fund or the Consolidated Local Fund. In the absence of detailed information, the entire saving will be included in our calculation of savings.

(c) *Proposals regarding Police*.—As regards the Mahikantha Police, the expenditure of 1.76 lakhs is now a direct charge on central revenues. It is true that the tributes received from the States comprised in the agency and a part of the Baroda subsidy of 3.75 lakhs are,—at any rate historically,—to be considered as a partial set-off against this expenditure. But since the expenditure is now in fact a charge on central revenues, we propose to review it.

A Deputy Superintendent on Rs. 520 plus as duty allowance of Rs. 100 and an Inspector on Rs. 240 are the officers maintained for the force which consists of 359 ranks and 2 servants. We have scrutinised the provisions and have come to the conclusion that it should not be difficult to effect a saving of 10 per cent. of the 1931-32 provision, i.e., of 17 or 18.

(f) *Summary*.—On our proposals the total reduction of expenditure on the Mahikantha Agency including Police charges will be about 37 lakh.

B.—Southern Mahratta country.

(3) (a) *Organisation*.—A Political Agent (pay Rs. 2,250 plus fixed travelling allowance Rs. 200) is maintained for the conduct of political relations with the States of the Southern Mahratta country. At Kolhapur, the most important of them, he has the status of a Resident. He is assisted by an Assistant Resident and an "Adjutant and Second-in-Command, Kolhapur Infantry." There is also a provision of Rs. 4,100 for a *Daftardar* of gazetted status on Rs. 340 per mensem, but the post has been held in abeyance since 1st June 1931. Establishments consist of 15 clerks and 16 servants.

(b) *Expenditure*.—Officers' pay absorbs 54 and the pay of establishments 19. The only other important item of expenditure is a provision of Rs. 5,300 for travelling and other allowances. Against the current provision of Rs. 500 for special charges there was no actual expenditure in 1929-30.

The following table shows the progress of expenditure :—

	1922-23.	1926-27.	1927-28.	1928-29.	1929-30.	1931-32.
Pay of officers }	.33	{	.67	.49	.42	.44
Pay of establishment .. }			.21	.21	.19	.19
Allowances .. ..	.03	.11	.10	.07	.05	.08
Supplies and Services ..	.01	..	..	..	..	..
Contingencies .. ..	.03	.03	.02	.02	.02	.02
	.40	1.02	.82	.70	.70	.83
Deduct—recoveries from States	— .43*	— .45	— .44	now credited as revenue.		

* The accuracy of this deduct item appears to be doubtful.

A peculiar feature of the expenditure on this agency is the recovery towards its cost. For 1931-32 the contribution receivable is .45 lakh and is credited as revenue. The details of the contribution are :—

	Rs.
(i) towards the Resident's pay	19,200
(ii) towards travelling allowances	2,400
(iii) towards the pay of the Second-in-Command and Adjutant, Kolhapur Infantry	13,200
(iv) half the pay of the Daftardar	2,048
(v) half the pay of the establishments and the Railway Magistrate	7,775

Items (i), (ii) and (iii) are fixed, while items (iv) and (v) fluctuate with changes in the emoluments of the establishment, *e.g.*, when increments become due. Since the post of the Daftardar is now held in abeyance, recovery on account of item (iv) will fall short of the estimate.

The table above shows that since 1924-25 the net expenditure has not only not grown but has in fact gone down. As compared with 1928-29 and 1929-30, however, it shows an increase of about .13. Compared with the actuals of 1924-25 the cost has nominally increased by .29, but in fact it has decreased by .14.

(c) *Our proposals.*—The total reduction offered by the department for Bombay as a whole is .34. We do not know the details, nor do we know what portion of the offer is on account of Account I of this agency. We therefore propose to examine the expenditure ourselves.

(i) We approve of the department's action in keeping the Daftardar's post in abeyance and thereby effecting a reduction of Rs. 4,100 and presumably also Rs. 600 on account of his leave salary. Its abolition should be considered at an early date.

(ii) We assume that the provision of Rs. 2,600 on account of the cost of passages will not be needed in 1932-33.

(e) There is little room for further appreciable economies. In our skeleton scheme we had recommended a reduction of .10. On further consideration however we propose a reduction of about Rs. 7,500, out of which about Rs. 5,000 to Rs. 6,000 will represent a permanent saving.

C.—Minor Agencies in Bombay.

(4) (a) *Explanation*.—The provision of 2·16 lakhs for Minor Agencies is intended for the maintenance of (i) a British Consul for Portuguese India at Goa (Rs. 400 per mensem), (ii) two Deputy Political Agents for Rewakantha, (iii) the Combined Police for the Panchmahals district and the Rewakantha Agency, and (iv) for the payment of a fixed charge of Rs. 1,02,400 to the Government of Bombay in respect of the political services of their officers and establishments.

(b) *Expenditure*.—The expenditure on Minor Agencies in Bombay has grown as shown below.—

		1922-23.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
Consul at Goa and the Rewakantha Deputies.	·22	·25	·20	·16	·15	16
Rewakantha Police	·82	·83	·96	·94	1·00	1·06
Allowances, Supplies and Services, Works and Contingencies.	·08	·07	·10	·09	·10	·10
Payments to Bombay Government.	·77	·80	·80	·80	1·47	1·02
Deduct—Contributions from Indian States.	—·25	—·19	—·19	—·17	—·17	—·17
Total	2·74*	1·64	1·76	1·82	2·55	2·16

* This figure is unadjusted and is not a safe guide for comparison.

We may now deal separately with the various services named above.

(c) *Goa Consulate*.—The appointment of the British Consul for Portuguese India at Goa is under the control of the Foreign Office, London, and is apparently filled by a part-time officer; the provision of Rs. 4,800 is for the payment of an allowance of Rs. 400 per mensem by the Government of Bombay for his consular work. He is usually a member of the staff of the Madras and Southern Mahratta Railway.

We consider this a satisfactory arrangement and, apart from suggesting that the feasibility of reducing the amount of the allowance might be reconsidered, we have no remarks to offer.

(d) *Rewakantha Agency*.—This agency is maintained for the sake of the States lying mainly north of the Narmada River. It is under the political control of the Government of Bombay. The Collector and Magistrate of the Panchmahals District (headquarters, Godhra), is, *ex officio*, the Political Agent. Under his control are maintained two Deputy Political Agents (pay Rs. 325—25—800), whose cost is borne entirely by the central revenues. Presumably their main function is to help the Agent in the exercise of “residuary” jurisdiction.

(e) *Our proposals*.—(i) We concede that there is no considerable room for economy, but in the light of the actuals the provisions for allowances and contingencies might be reduced by Rs. 1,500 in all. Even in 1929-30 the actual expenditure was Rs. 1,000 less than the 1931-32 provision, and the scales for allowances have since been appreciably reduced by Government. So far as

we can see, the increased 1931-32 provision is mostly on account of contract contingencies; even then no serious difficulty need be felt in cutting down the provisions as proposed by us.

(ii) Our main proposal, however, is that this Agency should be amalgamated with the Residency at Baroda. The fundamental conditions in this agency are similar to those in Mahikantha, and the arguments in paragraph (2) (d) (i) apply with almost equal force to Rewakantha also. The country is hilly and backward and there is a considerable admixture of Bhil and other aboriginal elements in the population. With the exception of Rajpipla, the States and Taluqas, though numerous, are all comparatively small and unimportant and in some cases "residuary" jurisdiction has to be exercised by the agency officers. The relations between the durbars and the nobility are essentially similar. Godhra is not far from Baroda and has excellent railway communication with it. The connections of the States in this Agency with Baroda are, if anything, even closer than those of the Mahikantha States. So far as reduction of expenditure is concerned, we shall take account of it under sub-paragraph (g) below.

(f) *Rewakantha Agency Police.*—The arrangements about the policing of the Kathiawar, Palanpur, Mahikantha and Rewakantha agencies had a common origin (*vide* chapter X paragraph 4 pages 135-136).

As in Mahikantha so also in Rewakantha the police expenditure for which the current provision is Rs. 1,04,600 is incurred in the thanas. Rewakantha Agency police was combined with the Panchmahals district police in 1906, one-fourth of the cost being debited to Rewakantha. The current provision is the estimated quarter share of the Government of India in the total provision (including contributions for leave salaries and pensions) for the provincial police establishment doing agency work.

Apart from the information which we have summarised above, we have no material to enable us to judge whether it is possible to reduce this expenditure. Hence, we are compelled to recommend that in connection with the amalgamation of Rewakantha Agency with Baroda Residency the police expenditure should be scrutinised afresh.

If it is then found feasible to continue the present arrangement, whereby the combined district and agency police serves the political agency also, it may be possible, in view of the comparatively more settled conditions in the agency tracts, to reduce the Government of India's share.

(g) *Contribution to the Bombay Government.*—The Bombay Government still continue to discharge certain political duties on behalf of the Government of India. Owing presumably to the fact that numerous small states are to be found scattered all over the Presidency, it has so far been found more convenient to maintain political relations with them through the general administration officers of the Local Government. For the various political services rendered by the Bombay Government and their officers and establishments a lump sum payment is made to that Government. The table in paragraph 4 (b) shows the actual amounts of the contribution up to 1929-30. Considering that even so late as 1929-30 the amount paid was only .80, we hold that there

is a strong case for the revision of the arrangements under which the estimated contribution for 1931-32 is Rs. 1,02,400. Under certain circumstances it may be an economical arrangement to get the central Government's work done through the agency of the Local Governments. But in this case we have come tentatively to the conclusion that Mahikantha and Rewakantha agencies should be amalgamated with the agencies under the direct control of the Government of India.

Prima facie, we think that the Residency at Baroda can also take charge of political relations with Cambay, Dharampur and other smaller states, most of which lie north of the River Tapti. The scattered nature of Baroda territories, whereby Baroda boundaries often march with the borders of these States, also appears to us to make it desirable that the Resident at Baroda should be placed in charge of political relations with them as well. We therefore recommend that this question should be considered.

In any case, in view of our recommendation about Mahikantha and Rewakantha, we think that the contribution to the Bombay Government should be considerably reduced. We are not in a position to work out a precise estimate of the resultant savings. But we think it likely that a saving of approximately one-half of the present provision will result. Even then the contribution to the Local Government will be almost two-thirds of the actuals of any year from 1926-27 to 1929-30.

(5) *Summary*.—On our proposals the total reduction in Account I will be -98 lakh.

CHAPTER XVI.

PUNJAB.

(1) *Explanation of the grants.*—Under the Punjab Circle of Account there is an aggregate provision of 12·72 lakhs for political expenditure. The following table shows the constituent items of each Account and the progress of the expenditure on each item.

		1913-14.	1922-23.	1926-27.	1927-28.	1928-29.	1929-30.	1931-32.
<i>Account I.</i>								
A. Kashmir Residency ..	..	1·73	1·47	1·71	1·87	2·06	2·03	2·09
B. Gilgit Agency ..	..	·81	·95	1·39	1·14	1·59	1·58	1·79
C. Punjab States Agency ..	..	·76	1·93	1·48	1·43	2·32	1·67	1·79
D. Kashgar Consulate ..	..	·34	·82	·56	·95	·89	1·01	1·14
E. Ayub Khan Agency ..	..	·07	·07	·04	·04	·04	·04	·04
F. Gartok Trade Agency ..	..	·13	·19	·18	·18	·16	·25	·17
G. Payment to Punjab Govern- ment.*	..	..	..	·89	·58	·61	·57	·58
H. Training of probationers ..	..	..	..	·29	·25	·60	·50	·735
Total Account I ..	..	3·84	5·43	6·24	6·44	8·27	7·65	8·33
<i>Account II.</i>								
I. Allowances to Dera Ghazi Khan tribes.	..	·10	·12	·13	·13	·13	·13	·13
J. Political Subsidies ..	..	·08	·08	·07	·11	·08	·11	·09
K. Entertainment Charges ..	..	·08	·07	·11	·11	·11	·12	·12
L. Refugees and State Prison- ers.	..	2·29	1·16	·90	·86	·84	·80	·78
M. Works ..	..	..	..	..	..	..	1·53	3·00
N. Miscellaneous ..	..	·03	·01	·68	·03	·37	·26	·27
Total Account II ..	..	2·58	1·44	1·89	1·24	1·53	2·95	4·39
Grand Total ..	..	6·42	6·87	8·13	7·68	9·80	10·60	12·72†

The Inchcape Committee took note of the fact that expenditure on the Kashmere and the Punjab Agencies had grown from 6·93 in 1913-14 to 7·30 (budget) in 1922-23. It was given to understand that the Kashmere Durbar proposed to take over its medical arrangements which were then being looked after by the Residency Surgeon and that it would then be possible to employ a Residency Surgeon for only half the year; saving Rs. 11,000. Other savings of Rs. 8,750 and Rs. 16,000 were proposed by the department in the case of the Kashmere Residency and the Gilgit Agency respectively. We thus conclude that the budget which that Committee recommended for political expenditure in the Punjab was 6·94 lakhs. Even omitting the entire provi-

* In respect of provincial establishment employed on political duties in the Simla and Dera Ghazi Khan Agencies.

† The corresponding grand total in 1924-25 was 7·78 lakhs.

sion of 3·00 under "works" the 1931-32 estimate is 9·72 showing a growth of 2·78 (equal to 40 per cent.) during the period 1924-25 to 1931-32. To this growth should be added the considerable portion which now appears in the High Commissioner's budget.

(2) *The agencies and other activities.*—(a) For the maintenance of political relations with the States in and near the Punjab and Kashmere the following agencies and consulates are maintained. The figures of cost are the estimates for 1931-32.

- (i) The Punjab States Agency incharge of a Resident of the First Class at a cost of 1·97 lakhs.
- (ii) The Kashmere Residency incharge of a Resident of the Second Class at a cost of 2·09 lakhs.
- (iii) The Gilgit Agency subordinate to the Kashmere Residency at a cost of 1·78 lakhs.
- (iv) A Consul-General at Kashgar (in Chinese Turkestan) incharge of a British consular or diplomatic officer on British scales of pay at a cost of 1·14 lakhs.
- (v) The Ayub Khan Agency incharge of a part-time Assistant Political Officer at a cost of ·04 lakh.
- (vi) The Agency of the Local Government of the Punjab (at a cost of ·58) to look after the States situated in the Simla Hills and tribal relations in the tribal area near Dera Ghazi Khan.
- (vii) The Trade Agency at Gartok in Tibet at a cost of ·17 lakh. It is the third trade mart referred to in Chapter XII, the other two being Gyantse and Yatung.

(b) Finally, there is a provision of ·73 for the training of officers of the Political Department as probationers.

(c) The items making up Account II are self-explanatory.

We shall deal with the entire Account II separately. The various items of Account I will now be dealt with *seriatim*.

A.—Kashmere Residency.

(3) (a) *Introductory.*—This Residency with headquarters at Srinagar in the hot weather and Sialkot in the cold weather is incharge of a Resident of the Second Class. Kashmere is one of the first half a dozen of the Indian States. The Political Agency at Gilgit, though provided for separately in the estimates, is under the administrative control of the Kashmere Residency. We shall deal with Gilgit separately.

The Resident (pay Rs. 3,000 and sumptuary allowance Rs. 500 per mensem) is assisted by two Assistants on the Political Department time-scale; the second Assistant works also as the British Joint Commissioner in Ladakh. His headquarters are Srinagar and Leh in Ladakh. There is also a provision of Rs. 19,200 for a Residency Surgeon, who, besides his pay, gets a special pay of Rs. 150 for the hot weather and Rs. 100 for the cold weather for medical attendance on military officers on leave and their families in Kashmere. A

ministerial establishment of 18 (in 1930-31 the number of clerks was 16), a medical and customs establishment of 10 and an inferior establishment of 20 are also provided for.

(b) *Expenditure*.—The cost of the Kashmere Residency is 2·19 lakhs including Rs. 10,000 for the payment of customs duty on arms and ordnance stores supplied to the Indian States "under" the Residency. This amount of Rs. 10,000 is, however, provided for in Account II and will be dealt with in that connection.

Of the remaining provision of 2·09, officers' pay absorbs ·87 and the pay of establishments accounts for ·42. Among the other important items are Rs. 6,000 for the Resident's sumptuary allowance, Rs. 31,200 for travelling allowances, Rs. 5,600 (a new item in the 1931-32 estimates) for the cost of passages, Rs. 1,900 for other allowances, Rs. 2,000 for the maintenance of furniture, Rs. 900 for secret service money, Rs. 7,500 for tour charges, Rs. 3,000 for medical contingencies, Rs. 7,200 for other miscellaneous charges and Rs. 2,300 for the pay of menials.

The following table shows the progress of the expenditure :—

	1913-14.	1922-23.	1924-25.	1926-27.	1927-28.	1928-29.	1929-30.	1931-32.
Pay of officers ..	·65			·88	·83	·90	·98	·87
Pay of establishment ..	·37			·39	·39	·38	·38	·42
Allowances ..	·19			·36	·43	·47	·39	·49
Supplies and Services ..	1·73		1·87	·02	·03	·02	·02	·03
Secret Service ..					·01	·01		·01
Contingencies ..	·26			·19	·24	·28	·25	·27
Deduct—Recovery from Kashmir Darbar.				—·12	—·05	..	..	..
Total ..	1·73	1·47	1·87	1·72	1·88	2·06	2·02	2·09

Against the total provision of 2·19 (including ·10 under Account II) in the 1931-32 estimates the corresponding actual expenditure in 1924-25 was 1·87, i.e., ·32 less. The following factors caused a gross increase of Rs. 49,905 :—

	Rs.
(i) Appointment of two additional clerks and revision of the pay of establishments sanctioned in 1930-31	1,700
(ii) Accrual of increments	2,108
(iii) Cost of passages	5,600
(iv) Increased provisions under—	
Travelling allowances	11,142
Other allowances	4,013
Supplies and Services	495
Darbar presents (there was no expenditure in 1924-25) ..	500
Secret service expenditure	900
Postage, etc.	2,954
Tour charges	5,179
Other contingencies	882
Customs duty (a new item payable to the Army Department)	10,000
(v) Accounting changes	36,067
	30,067
	4,430

On the other hand a decrease of Rs. 18,308 was caused by transfer to the Hill Commissioner's budget of the provision for over-seas pay, etc., and by the posting of junior officers.

(c) *Departmental offer*.—A total reduction of 43 has been offered by the department, the principal component items being (i) abandonment of the annual visit of the British Joint Commissioner to Ladakh, (ii) abandonment of the move of the Kashmere Residency office to Gulmarg, (iii) discontinuance of the allowance to the sub-assistant surgeon, Kashmere Residency, and (iv) abolition of the posts of two clerks. The department adds that the question of abolishing the post of the Residency Surgeon is under its consideration.

(d) *Our proposals*.—While we approve of the economy measures proposed or already taken by the department, our own scrutiny of the budget of the Residency reveals much greater scope for retrenchment. Hence we do not merely recommend acceptance of the department's offer. Our proposals are:—

(i) We cannot see sufficient justification for the employment of two Assistant Residents. Presumably they do secretarial work. But, even then we observe that some important Residencies and Agencies, e.g., Gwalior, Baroda, Hyderabad, Mysore, Madras States and possibly some others manage to carry on with appreciably less costly staff. Further, the subordinate Political Agent at Gilgit has its own staff on a liberal scale to look after the more difficult part of the political work in this frontier state. The superior secretariat staff of the Residency may, if one post Assistant is abolished, have to be strengthened, but the pay of the new post need not be on the Political Department scale. At the present, however, we shall assume that the need for such reinforcement will not be immediately felt. In this connection we have taken due note of the department's proposal to effect some saving by the temporary abandonment of the annual visit of the British Joint Commissioner and his establishment to Ladakh, and also of its view that the abandonment of such visits should be only temporary. We hold that even if and when these annual visits are resumed, it should be possible for the work of the Residency to be carried on by a Resident and an Assistant or Secretary; during the latter's visit to Ladakh the work of the Residency should be carried on by the Resident himself. After duly weighing the *pros* and *cons* we definitely propose the abolition of one Assistant's post; saving 16.

(ii) As regards the Residency Surgeon, we observe that although the department gave the Inchcape Committee to understand that it would be possible to employ a Residency Surgeon for only half the year, provision for the full year continues to be made. The department is considering the question of abolishing the post of the Surgeon, and arranging for the performance of his duties in future by the Kashmere medical mission. We recommend definitely that action should be taken on these or similar lines, enabling the post to be abolished. We have already expressed our view that

the attachment of superior medical officers to political agencies as a matter of course is now an anachronism—more so than it was in 1922-23. Although the department has not given its own estimate of the saving, we assume that it will not be appreciably below '15 (*viz.*, Rs. 19,200 minus, say, a grant-in-aid of Rs. 4,200 which together with the allowance of Rs. 600 already being paid will help to make a grant-in-aid of Rs. 4,800 per mensem, to the Kashmere medical mission and their hospital).

We have considered the question whether the medical establishment, *viz.*, a Sub-Assistant Surgeon, a compounder and a chaprasi working under the control of the Residency Surgeon can be reduced. This staff is required for the maintenance of the Residency dispensary in the interests of the Central Government's employees (Residency, Postal and Telegraph Department advisory staff, etc.), stationed in Srinagar and also of the Kashmere Nursing Home—a Government-aided institution. We have thus come to the conclusion that this establishment should be maintained. On the other hand, the department itself has explained that an annual saving of about Rs. 900 will be effected by the abolition of the British Charitable Dispensary at Leh, which was primarily intended for the use of the British Joint Commissioner and his staff and Central Asian traders. The Kashmere State have opened their own dispensary at Leh incharge of a sub-assistant surgeon, and we therefore agree that the British Charitable Dispensary is no longer necessary.

(iii) The sumptuary allowance to the Resident is as much as Rs. 500 per mensem. We observe that the Residents at Baroda and Gwalior get no sumptuary allowance. We recognise that conditions in Kashmere are somewhat different from those in Baroda and Gwalior; all the same, we consider that the present rate is excessive. The sumptuary allowance should be reduced to a figure not exceeding Rs. 250.

(iv) The provision for travelling allowance has gone up by Rs. 11,442 since 1924-25. The rates have now been reduced. The annual visit of the British Joint Commissioner to Ladakh, the annual move of the Kashmere Residency Office to Gulmarg and the visits of inspections which used to be at irregular intervals to the customs posts at Domel and Jammu are going to be abandoned, at least temporarily. Hence, the provision for travelling allowances should be reduced by at least '20. We do not agree with the department in holding that the annual move of the Residency office should not be permanently abandoned. Srinagar enconced in the Himalayas at a latitude of 34° N. is situated at an altitude higher than the altitude of many provincial summer headquarters and we can see no justification for the move to the still cooler heights of Gulmarg. Of course, we have no objection to the Resident himself going to Gulmarg if and when work requires it: our objection is to the systematic exodus to Gulmarg

in the summer. It cannot be said that even at that time Srinagar ceases to be pleasant as a place of residence. We cannot justify an arrangement which, in effect, gives the Resident three authorised headquarters, viz., Srinagar, Gulmarg and Sialkot.

- (v) The provision for other allowances should be reduced by 20 per cent.; saving -01.
- (vi) We further presume that the provision of Rs. 5,600 for passages in the 1931-32 budget will not have to be repeated; there was no provision for this item in the 1930-31 budget.
- (vii) In the light of the actuals of 1929-30 the provision for secret service expenditure should be reduced to Rs. 500; saving Rs. 400.
- (viii) The provision for tour charges should, in view of the proposed abandonment of the visits of the British Joint Commissioner and of the Residency staff to Gulmarg, be reduced by at least Rs. 2,500.
- (ix) Miscellaneous charges should similarly be reduced from Rs. 7,200 to Rs. 5,000.
- (x) While we agree that the entire provision of Rs. 3,000 for medical contingencies cannot be deleted, it should, in view of the department's own proposal to abolish the charitable dispensary at Leh, be possible to save -01, in addition to the Rs. 900 referred to in (d) (ii) above.
- (xi) Finally we suggest the amalgamation of the Punjab States Agency and the Kashmere Residency [vide paragraph 5 (c) (i).] *Prima facie*, a combined agency with seasonal headquarters at Lahore and Srinagar is feasible. We doubt if such a Residency will have more difficult problems to handle than, e.g., the Western India States or Rajputana or Central India Agency. We have, however, not been able to examine the departmental witnesses orally in detail on this question, and are therefore content to propose that this question should be examined again from the point of view of permanent economy.

(e) *Summary of savings*.—On our proposals the total reduction of expenditure will be -67. In view of the possibility that some provision might be needed for passages even in 1932-33 we propose a slightly lower figure, viz., -65 for the reduction of expenditure which, we consider, is feasible and should be effected at least in the next few budgets.

B.—Gilgit Agency.

(4) (a) *Introductory*.—A Political Agency under the control of the Residency at Kashmere is maintained at Gilgit for the more effective control of political relations in the north-western portion of Kashmere State. It comprises the frontier tracts of Hunza, Nagar and Chilas and certain other smaller tracts which are separated from the Kashmere valley proper by high

and difficult mountain ranges. This country lies directly to the east of the northern portion of the tribal area covered by the Chitral Agency and most of it is under the direct administration of the Kashmere State. It is essentially a frontier, area for the defence of which a military force known as the Gilgit Scouts is maintained, the cost being shared between the British Indian Government and the Kashmere Durbar in the proportions of 1 to 3.

Besides his pay, the Political Agent at Gilgit gets a special pay of Rs. 200 and a language allowance of Rs. 200. An Assistant Political Agent is stationed at Chilas and gets a language allowance of Rs. 200 per mensem, one half of which is borne by the Kashmere State. The Political Agent at Gilgit is assisted by an Indian Assistant on Rs. 300—20—400. A Medical Officer (on Rs. 1,100 plus a special pay of Rs. 200) is maintained at the cost of the Kashmere Durbar. The Gilgit Corps of Scouts is officered by two officers, who, besides their rank pay, get a staff pay and a language allowance. In addition, a part-time military officer is paid Rs. 50 per mensem for performing the duties of military assistant to the Political Agent. An establishment of 19 is maintained at a cost of Rs. 22,700.

(b) *Expenditure*.—The total provision of 1·90 lakhs for this Agency includes 1·785 for political agency proper and Rs. 3,200 for Entertainment Charges and Rs. 8,600 for "Other Political Subsidies at Gilgit". Of the provision of 1·785 lakhs for the agency itself, officers' pay absorbs ·734 and the pay of establishments ·227. Of the other provisions the most important are Rs. 26,700 for travelling allowances, Rs. 5,300 for passages, Rs. 3,700 for grain compensation allowance, Rs. 9,100 for military stores for the Gilgit Corps, Rs. 3,500 for Durbar presents, Rs. 2,000 for Secret service money, Rs. 5,200 for the construction of telephone lines and the maintenance of telegraph lines and Rs. 10,400 for the Hunza-Misgar telegraph line. The following table shows the progress of expenditure under Account I:—

	1913-14.	1922-23.	1924-25.	1925-26.	1926-27.	1927-28.	1929-30.	1931-32.		
Pay of officers	·45	..	·65	·62	·58	·59	·73.	
Pay of establishment	·13	..	·17	·20	·18	·21	·23	
Allowances	·13	..	·24	·26	·23	·31	·36.	
Supplies and Services	·02	..	·15	·24	·14	·15	·14	
Secret Services	·02	·03	·03	·02	·02	
Contingencies	·20	..	·50	·31	·43	·30	·29	
Grants-in-aid	·02	
Deduct—Recovery from Durbar.	—34	—53	..	..	..
Total	·81	·93	1·13	1·39	1·13	1·59	1·58	1·79

Compared with the actual expenditure of 1·13 lakhs in 1924-25, there has been an increase of Rs. 77,386 in the total 1931-32 provision for this agency.

In fact, the increase is even larger, because a part of the expenditure has now gone to the High Commissioner's budget. The increase was caused by—

	Ra.	
(i) Creation of the appointment of Assistant Commandant of the Scouts and revision of pay of officers	13,550	
(ii) Revision of pay of establishments, increments, etc.	15,140	
(iii) Passages	5,300	
(iv) Increased provisions under—		
(a) Travelling and grain compensation allowance ..	12,256	
(b) Furniture	848	
(c) Durbar presents	1,505	
(d) Postage, tour charges and other contingent expenditure	2,628	
(e) Subsidies to the Mirs of Hunza and Nagar and the Governor of Ishkoman	1,450	
(f) Entertainment charges	266	
	18,953	18,953
(v) Accounting changes, viz., transfers of provisions—		
(a) From the Military estimates on account of military stores for the Gilgit Corps of Scouts, and	9,100	
(b) for the Hunza, Misgar telegraph line, and ..	10,400	
(c) recoveries from Indian States now shown as "Receipts."	25,405	
	44,905	44,905
(vi) Provision for passages of military officers	1,800	

Even after allowing for the growth of expenditure due to accounting changes the expenditure on this agency may be said to have grown from 1·13 in 1924-25 to a figure well above 1½ lakhs.

(c) *Departmental offer and our proposals.*—The department has offered to reduce the expenditure by 14. We do not know the details nor the extent to which this offer involves permanent savings. In our opinion a real growth of expenditure from 1·13 in 1924-25 to about 1·54 lakhs in 1931-32 is not justified by the history of this agency since 1924-25. Our proposals are:—

- (i) The post of Assistant Commandant of the Scouts is a recent creation. Although the Kashmere Durbar pays three-fourths of the cost of the Gilgit Scouts, we see no reason why this newly created post should not be abolished. We assume a gross saving of about Rs. 10,000. The net saving to central Revenues will be only one-fourth.
- (ii) Since the Commandant of the Scouts is available, it should not be necessary to repeat the present provision of Rs. 600 for military assistance to the Political Agent.
- (iii) We agree that for an outlying agency like Gilgit a medical officer is necessary. But we are not sure that it is necessary to maintain a costly medical officer on Rs. 1,100 plus Rs. 200. It is true that the Kashmere Durbar pays the cost but in our opinion that fact

by itself is not a valid reason for not reducing the status of the post. We shall, however, not take into consideration such saving as may result from this suggestion.

- (iv) As in the case of the Kashmere Residency so also here we find that the expenditure on Allowances has grown up unduly fast during the last two years, viz., from .23 in 1928-29 to .36 in the current year. The various allowances should be reduced by about .09 as below :—

(a) In view of the reduced scales for travelling allowances, the provision of Rs. 26,700 should be reduced by Rs. 2,700.

(b) The provision for grain compensation allowancee may perhaps be reduced by about Rs. 700.

(c) We presume that the provision of Rs. 5,300 for passages will not have to be repeated in 1932-33 and that the whole of it will go to reduce the expenditure. Our final proposal however retains some provision for passages in future budget.

- (v) Out of the provision of Rs. 29,200 for Contingencies, Rs. 15,600 is on account of telegraph and telephone lines. Besides expenditure on Contingencies is about the lowest since 1926-27. We therefore propose only a small reduction of Rs. 1,200.

(d) *Summary of savings.*—While our proposals yield a saving of a little over .20, we recognise that provision for passages will have to be made in future years. We reckon that they will permanently reduce the expenditure by at least .17 lakh. This is the figure we shall take into calculation.

C.—The Punjab States Agency (4.91 lakhs).

(5) *Introductory.*—(a) This Agency comprises 13 States* with an area of 29,000 square miles ; four are at present under administration owing to the minority of their rulers. The Agency headquarters are at Lahore and new buildings for the Agency are being put up there.

The Agent to the Governor-General is a First Class Resident (on Rs. 4, 000 p.m. plus a sumptuary allowance of Rs. 250 and a fixed travelling allowance of Rs. 200) and has two Assistants on the Political Department time-scale. The clerical establishment numbers 28 and servants 19.

(b) *Expenditure.*—Including the provision under Account II, viz. 3.00 lakhs provided for the construction of the Agency buildings at Lahore, .11 provided for the payment of customs duty on arms and ordnance stores supplied to the Indian States under this Agency and Rs. 1,000 provided for the firing of salutes, the total provision for this Agency in 1931-32 is 4.91 lakhs.

Of the total provision of 1.79 lakhs under Account I, officers' pay alone absorbs .773 and that of establishments .543. The other important provisions are Rs. 24,900 for travelling allowances, Rs. 1,800 for the maintenance of a Government car and Rs. 10,900 for miscellaneous contingent expenditure.

Account II will, as usual, be dealt with separately.

*Patiala, Bahawalpur, Kapurthala, Nabha, Jind, Faridkot, Malerkotla, Sirmor, Chamba, Mandi, Bilaspur, Suket and Loharu.

The expenditure under Account I has grown as below :—

	1913- 14.	1922- 23.	1924- 25.	1926- 27.	1927- 28.	1928- 29.	1929- 30.	1931- 32.
<i>Account I.</i>								
Pay of officers		1.03		.71	.63	.68	.73	.77
Pay of Establishment .. .. .		.55		.42	.46	.50	.49	.54
Allowances .. .. .		.76	1.42	.16	.18	.26	.25	.30
Secret Service								
Supplies and Services .. .. .								.02
Contingencies .. .. .		.21		.19	.16	.14	.21	.16
<hr/>								
Total Account I .. .. .		.76 1.93	1.42 1.48	1.43	2.32*	1.68	1.79	

The Agency buildings under construction at Lahore are estimated to cost nine lakhs, of which 6.31 is estimated to be the outlay up to the close of the financial year 1931-32.

Against the total provision of 4.91 lakhs in the current year the corresponding actual expenditure in 1924-25 was 1.42 lakhs. Excluding 3.00 provided for the Agency buildings, the expenditure has grown during these seven years from 1.42 to 1.91 lakhs. The net increase of a little over .49 was caused by a gross increase of .60 counter-balanced by a decrease of .11. The raising of the status of the Agency from the Second to the First Class involved an additional recurring expenditure of Rs. 13,800 (*viz.*, 12,000 on the pay of the A. G. G. and Rs. 1,800 for the maintenance of a motor car). The appointment of four additional clerks (Rs. 1,960), provision for secret service expenditure (Rs. 106), salutes (Rs. 1,000), customs duty (Rs. 11,000), increased provision for touring (Rs. 19,440), and for leave salary and increments (Rs. 13,313) are the other items contributing to an aggregate increase of Rs. 60,613. On the other hand the transfer of the provision for sterling overseas pay to the High Commissioner's budget and the posting of junior officers has effected a reduction of Rs. 9,371, and as a result of the recent ten per cent. cut in the provision for contingencies there has been a further decrease of Rs. 1,761 under "Contingencies". Taking out the 3.00 lakhs for the Agency buildings, Rs. 11,000 for customs duty and Rs. 1,000 provided for salutes but adding the approximate provision in the High Commissioner's budget it may be said that as compared with 1924-25 this Agency is now costing about .47 (*i.e.*, 33 per cent.) more.

(c) *Departmental offer and our proposals.*—The reduction offered by the department is .05. We consider it inadequate and make our own proposals.

(i) *Question of amalgamation.*—We shall first deal with the question of amalgamation and thereafter suggest specific economies. This was examined in 1922. The department's view was and is that amalgamation with the Kash-

*Includes .74 for works which is now provided for under Account II.

mere Residency or the Rajputana Agency is not possible. Its arguments may be summarised as below :—

- (I) The Kashmere Residency not only looks after Kashmere State but also after the frontier tracts of Hunza, Nagar and Chilas which together with other smaller tracts under the Gilgit Agency cover an area of 94,000 square miles. One A. G. G. would not be able to look after such a large area, particularly since Kashmere is a large frontier State and both Srinagar and Jammu are only accessible by road.
- (II) The amalgamation would be unpopular with the rulers of the States concerned.
- (III) No saving would result, since reduction in personnel would be counter-balanced by increase in travelling allowances and other charges, especially on the moves between Lahore and Kashmere.

The department's arguments do not appear to us to make out a strong enough case against amalgamation. For the maintenance of political relations in the north-west of Kashmere there already is a special though subordinate agency. Secondly, we observe that the Resident in Kashmere moves from Srinagar to Sialkot and again from Srinagar to Gulmarg. Similarly the Agent to the Governor-General of the Punjab States also moves up to the hills—at any rate for a part of the hot weather. Some of these moves would become superfluous, if the headquarters of the amalgamated agency are fixed at Lahore in winter and Srinagar in summer. The present provisions for travelling allowances, rents, rates and taxes, tour charges and other miscellaneous charges in these two agencies are as below :—

				The Punjab States Agency.	Kashmere Residency.
Travelling allowances	..	..	..	24,900	31,200
Tour charges	..	..	..	..	7,500
Miscellaneous contingent charges	..	..	..	10,900	7,200
Pay of menials	..	..	..	..	2,300
Postage and Telegrams	..	..	..	5,000	6,600

These liberal provisions show that the savings on the reduction of personnel by the amalgamation of these two agencies need not by any means be swallowed up by additional expenditure on account of the move from Lahore to Srinagar. To us the amalgamation appears to be a natural and practicable measure of economy and we recommend that the position should be examined afresh.

While *prima facie* we think that the amalgamation of this agency with the Kashmere Residency is feasible, we do not rule out the possibility of the balance of advantage being found in amalgamation with the Rajputana Agency. For the present, however, we are satisfied with the department's case against amalgamation with Rajputana.

(ii) We have considered whether any reduction of superior personnel is possible. The department's view may be summarised as below :—

This A. G. G., unlike other First Class Residents has no local political officer under him. Of the only two officers, *viz.*, a Secretary and an Under-Secretary,

one or the other has to accompany him on tour in the States and to the hills in the summer; the other remains at headquarters to run the office. The A. G. G. will not be able to carry on his duties if he is left with only one officer to assist him.

We do not consider it necessary that the A. G. G. should be accompanied by one or the other of the two officers as a matter of course. We presume that the A. G. G. is merely permitted to recess in the hills; if so, we do not see why the usual practice, *viz.*, that officers recessing in the hills do not take with them their Assistants, should not be applicable to this case also. Further, we observe that this A. G. G. has to deal with only thirteen states and, so far as we are aware, he has no "administered areas" to look after. The topography of most of the states is such that boundary disputes which generally cause a certain amount of work in the agency offices are not likely to be as numerous as, *e.g.*, in Central India or Rajputana. We are strongly of the view that the Under-Secretary's post can be abolished and we recommend accordingly. The direct saving will be only Rs. 9,600. But the consequential savings under travelling allowances and contingencies, etc., will, we estimate, yield an aggregate saving of about 18.

(iii) Since 1924-25 clerical staff has been strengthened by the addition of four clerks. Ten per cent. of the clerical establishment, *i.e.*, 3 posts should be abolished; saving 05.

(iv) The department has offered 05 under travelling allowances. This offer in effect merely amounts to an offer to reduce the provision to the level of the actuals of 1929-30. We cannot see sufficient justification for an increase of Rs. 19,440 in the provision for touring charges in the course of seven years, and we recommend that the provision for allowances, etc., should be taken back to the figures of 1924-25, 1926-27 or 1927-28.

We have, generally speaking, recommended reduction by one-half of summary allowances to political officers. In this case, however, it may be reduced to Rs. 150 p. m.

We assume a total reduction of 13 under this head.

(v) If the provision for Allowances is reduced as proposed by us, the provision for a motor car at public expense, *viz.*, Rs. 1,800 may be left as it is. We may, however, draw attention to the unduly liberal provision of Rs. 15,000 made in the 1930-31 budget for the purchase and maintenance of a motor car for the A. G. G. We think that the dignity of the A. G. G.'s office would not have suffered if a cheaper car costing not more than about half that amount had been purchased.

(vi) At this stage we make no recommendation about the Agency buildings. If our presumption, that some provision will be needed in 1932-33 to complete the buildings, is correct, such provision may be treated as additional to the budget proposed by us.

(d) *Summary of savings.*—On our proposals the total reduction of expenditure will be 3 00 (works) + about 30 from specific proposals and suggestions. For the present we leave out of consideration the reduction resulting from "amalgamation". We take account of saving under works in chapter XX.

D.—British Consul-General at Kashgar.

(6) (a) *Introductory*.—The history of this Consulate-General goes back to 1893 when the Government of India stationed an officer at Kashgar under the designation of "Special Assistant for Chinese Affairs to the Resident in Kashmere". In 1904 the designation was altered to that of British Consul. The Chinese official recognition of the British Government's claim to consular representation at Kashgar was accorded only in 1908.

The Consul-General's pay is fixed in sterling at £800—25—1,000 *plus* an acting allowance of £337/10 per annum and a local allowance of £100 per annum. He also gets a sumptuary allowance of Rs. 250 p.m. and a special pay of Rs. 250 p.m. We observe that the Consul-General's pay is shown on the Political Department time-scale, but we presume that the officer is drawn from the British Consular Service.

The Vice-Consul gets a pay of Rs. 850, a special pay of Rs. 150, a fixed travelling allowance of Rs. 175 and sterling overseas pay of £25. The post, however, is a recent creation.

Besides a permanent establishment of 4 clerks and one medical subordinate there is a provision for the employment of temporary establishments; the 1931-32 estimates also contain a new item of Rs. 2,500 for additional medical department establishment.

(b) *Expenditure*.—Apart from the provisions for the pay of officers and establishments, the important provisions are Rs. 23,500 for travelling allowance, Rs. 3,200 for house-rent and other allowances, Rs. 3,500 for Durbar presents, Rs. 11,300 for office allowance and Rs. 3,000 for contributions.

The following table shows the growth of expenditure :—

	1924-25.	1925-26.	1927-28.	1928-29.	1929-30.	1931-32.
Pay of Officers13	..29	..34	..33
Pay of establishment10	..11	..14	..16
Allowances, etc.21	..42	..28	..22
Supplies and Services82	..01	..	..03
Secret Service05	..05	..05	..05
Contingencies07	..07	..07	..21
Grants-in-aid03
Total82	..56	..95	..88
					1.00	1.14

Compared with 1924-25 the expenditure has grown by .33 and compared with 1925-26 it has a little more than doubled. The appointment of a Vice-Consul (Rs. 11,900), provision for temporary establishments (Rs. 2,800), additional medical establishment (Rs. 7,000), appointment of an additional clerk (Rs. 2,100), accrual of increments (Rs. 1,719), outfit allowance for the Consul-General (Rs. 1,000), increased provision under Allowances (Rs. 11,200), a new provision for Durbar presents (Rs. 3,500), increased provision under Secret Service (Rs. 1,757), and provision for leave, pension and passage contribution (Rs. 3,000) are the factors that contributed to a gross increase of .46 in the expenditure. On the other hand the transfer of the provision for overseas pay to the High Commissioner's budget and the appointment of a junior officer

and the fact that the 1924-25 expenditure included the provision on account of the joining time pay necessitated by a change in the incumbency of the Consul-General's post contributed to a decrease in the expenditure by Rs. 11,502. Further, the withdrawal of the wireless has reduced the contingent expenditure by Rs. 1,905. The net increase of expenditure thus amounts to '33. In fact, allowing for overseas pay paid out of the High Commissioner's budget, the expenditure has during the last seven years grown by about '44, i.e., by a little over 54 per cent.

(c) *Our proposals*.—The department has offered a reduction of '19, the principal item being the abolition of the recently created post of Vice-Consul. We hold that India has no vital political or commercial interests in Chinese Turkestan sufficient to justify an expenditure of over a lakh of rupees per annum. Hence, we cannot justify either the present scale of expenditure or the manner in which it has rapidly grown since 1924-25. Subject to our view at the entire liability should be taken over by His Majesty's Government and pending negotiations to that effect we propose that the expenditure should be reduced by '30 to about the level of the actuals of 1928-29. Further, the Vice-Consul's post, created since 1924-25, should, as contemplated by the department, be abolished.

The specific economies suggested by us below show that a reduction of expenditure by '36 is feasible. We shall, however, be content if the department effects a saving of at least '30.

(i) The abolition of the Vice-Consul's post will yield a saving of '12 in the Indian budget. The abolition of the confidential clerks' post which has been proposed by the department will yield, say, '03.

(ii) The new 1931-32 provision of Rs. 2,500 for Medical Department establishment should also be deleted.

(iii) The provisions under travelling, house-rent and other allowances have increased by Rs. 11,200 since 1924-25. Even in 1931-32 they were increased by Rs. 4,500. A reduction of Rs. 10,000 should be made in the total provision of Rs. 11.

(iv) The sumptuary allowance should be reduced to a figure not exceeding Rs. 150 p. m., saving '01. This has been included in the saving of '10 proposed above.

(v) The total reduction of Rs. 10,000 in the current provision of '31 for Allowances will still leave '21.

Considering that in 1929-30 the actual expenditure was '22 and that only one officer will now be left and also that the outfit allowance for the Consul-General was presumably a non-recurring item and will not have to be repeated, we think, our proposal to effect a reduction of '10 is feasible.

(v) The provision for secret service money should be reduced from Rs. 6,000 to Rs. 4,000; the actuals of 1929-30 being Rs. 4,845.

(vi) The provision for Durbar presents should be reduced from Rs. 3,500 to about Rs. 2,000. We may here add that in 1924-25 there was no provision for, or expenditure on, Durbar presents.

(vii) Our scrutiny of the other provisions shows that there is ample room for additional economies to the extent of about Rs. 5,000.

We further observe that officers have been given liberal extra emoluments in the shape of allowances. In the case of the North-West Frontier Province and Baluchistan we have already suggested that the entire system of special pays and allowances should be carefully scrutinised and substantial economies effected by reducing the amounts. We presume that officers of the Political Department are liable for service wherever a political agency or a consulate financed wholly are partly from Indian revenues exists. If so, extra emoluments in the form of accretions to pay should not be granted except where the special circumstances of any particular station justify the grant.

E.—Ayub Khan Agency.

(7) (a) *Introductory.*—A self-contained Agency used to be maintained in connection with the supervision of the descendants of *ex-Amir Ayub Khan*. In 1923-24, however, the work was transferred to the Deputy Commissioner of Lahore. The total provision for 1931-32 is Rs. 3,900. A non-gazetted Assistant Political Officer and three servants are maintained at a cost of Rs. 2,900 and contingent expenditure amounts to Rs. 1,000.

In 1924-25 the actual expenditure amounted to Rs. 3,366; the increase of Rs. 534 has been due to variations of pay.

(b) *Proposals.*—In our opinion the time has now come when in the interests of retrenchment no special staff should be employed for this work. We have taken due note of the events that took place and the difficulties that were experienced in connection with the recent disturbances in Afghanistan and the escape of some of the Afghan refugees or detenus. But we hold that reasonably effective supervision can be exercised by making over the work to the provincial establishments working under the control of the Deputy Commissioner, Lahore. In particular, we propose that the post of Assistant Political Officer should be abolished. We presume that when our proposal is accepted, a smaller provision for rents, rates and taxes than the present figure of Rs. 700 will suffice. To sum up, we would fix the future budget at about Rs. 1,000 and merge it in the payment to the Punjab Government for agency work.

F.—Gartok Trade Agency.

(8) (a) *Introductory.*—This is one of the three trade marts in Tibet which were thrown open to trade through and with India as a result of the Anglo-Tibetan trade convention of 1904 [*vide* paragraph (13), chapter XII].

The Trade Agency is in charge of a combined Trade Agent and Sub-Assistant Surgeon. The only other important member of the establishment is an accountant costing Rs. 1,200. The winter headquarters of the Agency are at Simla.

(b) *Expenditure.*—The provision for travelling allowance is Rs. 6,000 and for Darbar presents Rs. 500. The pay of menials is found out of the provision for contingencies. The following table shows the progress of expenditure:—

	1924-25.	1926-27.	1927-28.	1928-29.	1929-30.	1931-32.
Pay of Officers
Pay of establishment
Travelling allowance
Supplies and Services
Contingencies
Total	17	16	17	16	25	17

In connection with the actual expenditure of 1929-30 we should explain that in that year the temporary appointment of Assistant Superintendent, Simla Hill States, on work connected with the Gartok Trade Agency cost Rs. 4,866.

In 1924-25 the actual expenditure on this agency was Rs. 16,792; the budget provision for 1931-32 is Rs. 17,200. The increase is accounted for by larger expenditure on travelling allowances.

(c) *Proposals*.—The expenditure is only '17 and except for the year 1929-30 has been fairly steady. Since it has been found feasible so far to manage this agency from Simla during the winter, the question of amalgamating it with the Simla Agency might be considered. We are aware of the department's objection to the giving up of representation of the Indian Government at the three Tibetan marts. But we consider that it is possible to provide for this by stationing only one official to work as trade agent and accountant. We do not see why it should be necessary to send out a medical man. Free medical treatment may be a comparatively cheap and easy way of paving the way for the establishment and maintenance of trade relations. If so, we suggest that a specially selected medical man suitable for work as trade agent and capable of controlling accounts might be selected. Since we refrain from making a definite recommendation, we propose to leave out of our calculation such savings as might result from our suggestion.

We should, however, add that what we have stated here is subject to what we have stated in regard to the general question of India's liability for expenditure on the "Trade Agencies" in Tibet (*vide* chapter XII, paragraph 14).

G.—Simla Agency and Dera Ghazi Khan Agency.

(9) Political control over the 27 states situated in the Simla hills is still exercised by the Punjab Government. The same Government is also responsible for political relations with the tribes occupying a strip of the tribal territory between Baluchistan and the Punjab district of Dera Ghazi Khan. For the performance of this agency work the local Government of the Punjab receives Rs. 37,100 and Rs. 19,600 in respect of the Simla and Dera Ghazi Khan agencies respectively.

The arrangements appear to us to be suitable and we propose no alteration therein. The amounts also appear to us to be fair. We have thus no reduction to suggest. In this connection our proposals in paragraph (7) may be seen.

H.—Training of Political Officers.

(10) We shall deal with this expenditure separately along with the corresponding provisions in the other provinces (*vide* chapter XXIII). Our proposals will reduce the expenditure by '37.

(11) *Summary*.—On our proposals, the total reduction of political expenditure in the Punjab under Account I will be 4.47 lakhs as follows:—

Kashmir Residency ('67), Gilgit Agency ('17), Punjab States Agency ('30), Consulate-General, Kashgar ('30), Ayub Khan Agency ('03), Gartok Trade Agency (*nil*), Simla Agency (*nil*), Dera Ghazi Khan Agency (*nil*). Of this 3.00 will be taken account of under "Works" (Chapter XX).

CHAPTER XVII.

OTHER AGENCIES AND RESIDENCIES.

Bengal.

(1) *Explanation.*—The total 1931-32 provision for political expenditure in Bengal is Rs. 52,800, viz., Rs. 11,400 under Account I, and Rs. 41,400 under Account II. We shall here deal with only Account I.

The following table, however, shows the progress of expenditure under both Accounts :—

<i>Account I.</i>				1913- 14.	1922- 23.	1924- 25.	1926- 27.	1927- 28.	1928- 29.	1929- 30.	1931- 32.
Pay of officers	..	..	..	..	..	·086	·088	·074	·065	·064	·072
Pay of establishment	..	..	..	..	..	·037	·023	·025	·027	·023	·024
Allowances	..	..	..	..	..	·012	·043	·006	·001	·001	·005
Contingencies	..	..	..	..	..	·001	·013	·012	·014	·014	·013
Total	..	..	..	·14	·04	·136	·167	·117	·107	·102	·114
<i>Account II.</i>											
Refugees, etc.	..	..	..	·05	..	·681	·290	·296	·288	·286	·258
Miscellaneous and Other charges	..	..	..	·04	..	·007	·075	·103	·079	·083	·156
Total	..	..	..	·09	·04	·688	·365	·399	·367	·369	·414
GRAND TOTAL	..	..	..	·23	·04	·824	·532	·516	·474	·471	·528

(2) *Cooch Behar Agency.*—The Commissioner of Rajshahi Division gets a special pay of Rs. 300 per mensem from central revenues for the performance of duties as Political Agent, Cooch Behar State. A share of the salary of the Additional Superintendent of Police, Darjeeling, is also debited to central revenues.

The Cooch Behar Agency has a small establishment costing Rs. 2,400. The total provision for Political Agents is Rs. 11,400 and the department has offered a reduction of Rs. 1,000.

(3) Besides Cooch Behar there is another state in Bengal, viz., the State of Hill Tippera or Tripura. The magistrate and Collector of Tippera district is, *ex-officio*, political agent for this state. But he does not get any special pay. Further, we note that there is no provision in the estimates for payment to the Government of Bengal for agency work done by their establishments including the Commissioner of Rajshahi Division, the Magistrate and Collector of Tippera and the Collector of 24 Parganas.

(4) *Pr. posals.*—We have come across numerous cases (*e.g.*, the one quoted in paragraph 3 above) in which officers of the Provincial Government do not get any special pay for discharging political duties for the Government of India and therefore even if it is found impracticable to reduce the provision of Rs. 3,600 for the special pay to the Commissioner of Rajshahi, the question why the payment should not be made to the Local Government rather than direct to an officer of that Government should be considered. We must here add that the Government of Assam have already reduced the special

ays and allowances of political officers under their control from Rs. 400 to Rs. 250 in one case and from Rs. 400 to Rs. 150 in the other. For purposes of calculation we shall assume that the special pay will be reduced by about one-half. Further, we recommend acceptance of the departmental offer of Rs. 1,000, which we presume does not include any saving on the reduction of the special pay mentioned above.

The total reduction will be Rs. 2,800.

United Provinces.

(1) *Explanation.*—The aggregate 1931-32, provision for political expenditure in the United Provinces is 1·87 lakhs, viz., ·65 under Account I and 1·22 under Account II.

Account I.—Out of ·65 lakh Rs. 38,000 is the provision for political officers under training as probationers in the United Provinces and the balance of Rs. 27,300 is the Central Government's share of the cost of the United Provinces Government's establishment employed on political work.

Most of the provision under Account II is for charges in connection with the late *Ex-Amir* of Afghanistan and Afghan Refugees and State Prisoners. We shall deal with this account separately.

(2) *Organisation.*—With the States of Rampur, Benares and Tehri Garhwal) political relations are maintained through the agency of the local government. The Governor is, *ex-officio*, Agent to the Governor General and the Commissioners of Rohilkhand, Benares and Kumaon are the respective political agents.

(3) *Expenditure.*—The expenditure has varied as below :—

1922-23.	1926-27.	1927-28.	1928-29.	1929-30.	1931-32.
·31	·55	·44	·69	·41	·65

The growth of expenditure as compared with 1922-23 is due to (a) the increased provision for the training of probationers of the Political Department and (b) an increase of ·09 in the contribution to the Local Government due to the inclusion of leave and pensionary charges which had not formerly been claimed by the Local Government.

In 1922-23 no expenditure was incurred on the training of probationers.

(4) *Our proposals.*—The department has proposed no reduction. So far as the payment to the Local Government is concerned, we consider the present arrangement satisfactory and economical. As regards probationers under training who are deputed to other provinces also, we propose to make a consolidated recommendation in this respect. *Vide* Chapter XXIII.

Burma.

(1) *Explanation.*—Besides the provision of 61·71 lakhs for the "Watch and Ward" of the Burmese frontier, of which some portion is, in essence, "Political expenditure", the 1931-32 estimates contain a provision of 2·62 lakhs for Burma directly under head "Political".

That province comprises various backward areas, the most important of which are the Shan States with an area of 50,309 square miles and a population of 1,200,000 (1921 Census) and the Chin hills with an area of 10,250 square miles and a population of 1,40,000. The political officers advise and assist the 48 Shan and Karen chiefs, who administer the Shan States and the Karenni. They are also responsible for the maintenance of peace on the border. In the Chin hills the officers have to deal with a large number of villages belonging to different tribes speaking different dialects; in other respects, their duties are similar to those of officers in the Shan States.

As the country covered by Chin hills is a "backward tract", the expenditure is borne by central revenues, the subject of "backward tracts" being central. The Federated Shan States are governed by the Governor of Burma and the expenditure is not included in the central estimates. The revenues of the Shan States are allocated not to the Government, but to the Governor, of Burma for the purpose of the administration of these States.

The system of administration is loose and is still confined to bare necessities. It is claimed that as Pax Britannica extends its sway, the administration tends to become more intensive and more costly.

(2) *Expenditure*.—The total provision of 2·62 lakhs is, as usual, divided into two Accounts—I and II. The former amounting to 1·94 lakhs relates to "Agencies and Residencies" and the latter—·68 lakhs—to entertainment charges, refugees and state prisoners, grants and compensations. Account II will be dealt with separately.

Of the 1·94 lakhs under Account I, officers' pay absorbs ·83 and that of establishments, ·38. Travelling, house-rent, and other allowances account for ·46. The only other important provision is that of Rs. 17,500 for contract contingencies.

The expenditure under each Account has varied as shown by the following table :—

		1922-23.	1924-25.	1926-27.	1927-28.	1928-29.	1929-30.	1931-32.
<i>Account I.</i>								
Pay of officers .. ..	..	1·94	·66	·64	·84	·80	·70	·84
Pay of establishment ..	..	·90	·31	·31	·32	·32	·32	·38
Allowances .. ..	..	·69	·42	·42	·44	·40	·42	·46
Supplies and Services ..	..	·08	·01	·02	·01	·06	·02	·03
Contingencies .. ..	..	·27	·12	·12	·21	·17	·21	·22
Grants-in-aid .. ..	..	..	..	·01	..	·01	·01	·01
Total Account I .. ..	..	3·88	1·52	1·52	1·82	1·76	1·68	1·94
<i>Account II.</i>								
Entertainment charges ..	..	·03	·02	..	..	·01	·02	·03
Refugees, etc. .. ..	..	·02	·13	·40	·50	·45	·87	·51
Miscellaneous and Other Charges ..	..	..	..	·13	·14	·13	·13	·14
GRAND TOTAL .. ..	..	3·93	1·67	2·05	2·46	2·35	2·70	2·62

As regards Account I, the principal items which contributed to the growth of expenditure from 1·52 in 1924-25 to 1·94 in 1931-32, are :—

- (a) Increase of pay of Extra Assistant Commissioners from Rs. 200—1,250 to Rs. 400—1,250 and the provision of Rs. 6,000 in 1931-32 for leave salary. The increase so caused has been partly counter-balanced by the abolition of a post of Superintendent on Rs. 450—2,250.
- (b) Addition of 22 clerical and menial posts, on account of the new area added to the Chin Hills charge.
- (c) Increase under Allowances, Supplies and Services and Contingencies for the same reason. There is also a non-recurrent provision of Rs. 3,990 for the construction of quarters and stable for the mule establishment of the Assistant Superintendent at Kampetlet.
- (d) Accrual of increments.

(3) *Organisation.*—There are seven political officers—a Superintendent (pay Rs. 450—2,250) and six Assistant Superintendents (paid at rates varying from Rs. 400—1,250). An establishment of 66 (myooks, interpreters, clerks and servants) is maintained at a cost of Rs. 3,800.

(4) *Our proposals.*—No saving or reduction of expenditure has been offered by the department. We observe that in spite of the reduction of a post of Superintendent the expenditure, as compared with 1924-25, has grown by Rs. 94,489 in the aggregate and even in Account I by 42 lakhs. The Inchcape Committee was informed that it was proposed that the Central Government should make a fixed contribution for political expenditure. On the ground that it was undesirable that while the Local Government was responsible for the administration, the Central Government should be liable for increased expenditure, that committee recommended that the proposal should be adopted. We do not know why this recommendation was rejected; we consider it was sound and we reiterate it. We see little reason why this isolated backward tract should not be left more to itself. We observe that philanthropic motives were urged in support of the present policy, viz., that if *Pax Britannica* is not gradually placed on a firm basis in this area, tribal feuds, murders and enslavement would continue. Assuming that this is the real or the main consideration, we can still see no reason why the central taxpayer should be made liable for expenditure capable of indefinite growth.

Considering the backwardness of the tract and the loose administration obtaining therein, we are doubtful if the receipts to the central revenues are, or will ever be, appreciable. Though we do not accept the validity of the reasons adduced in defence of the increase of over 50 per cent. in the expenditure during the last seven years, we shall not go so far as to recommend that the provision should be reduced to the 1924-25 level. We propose that the saving of 37 from the specific proposals made by us below should be effected and as recommended by the Inchcape Committee the expenditure should be stabilised—we suggest stabilisation at 2½ lakhs—and the Local Government of Burma should be invited to undertake the administration in consideration for an annual payment not exceeding 2½ lakhs.

Our specific proposals are :—

- (a) Two of the six posts of Assistant Superintendents should be abolished. Establishment, which numbered 58 last year but has been pushed up to 66 in the current year, should be reduced to at the most 60. A saving of at least 20 should be effected on staff.
 - (b) The provisions for Allowances, Supplies and Services and Contingencies should be reduced by 11 in the aggregate. Even then the provision will be Rs. 5,000 more than in 1924-25.
 - (c) We also assume that the omission of the non-recurrent provision of Rs. 3,900 for the construction of quarters and stables will automatically reduce the future provision by 04.
- (5) *Summary of savings.*—37 lakh.

Bihar and Orissa.

(1) *Introductory.*—The Orissa Agency comprises 26 States with an area of 28,664 square miles and a population of 4·64 million. Seven of them are at present under the direct administration of the Local Government owing to the minority of their rulers. The fact that all the States do not possess plenary jurisdiction gives rise to the problems of “residuary jurisdiction”.

The Agency is manned by a “Political Agent and Commissioner for the Orissa Feudatory States” (pay Rs. 2,150 *plus* overseas pay plus a duty allowance of Rs. 250*) and an Assistant Political Agent on Rs. 1,200. The former has powers corresponding to those of the Board of Revenue under any law for the time being in force in the district of Angul and, broadly speaking, the ordinary powers of a High Court as defined in the codes. The latter has the powers of a Court of Sessions in some of the States. The Deputy Commissioner of Angul District is also Assistant to the “Political Agent and Commissioner” and tries sessions cases from certain State but gets no special pay or allowances on that account.

An Agency Forest Officer on Rs. 850 *plus* overseas pay *plus* a special pay Rs. 200 is also employed.

The ordinary establishment of 57 clerks, servants, etc., costs 35 and the forest establishment costs Rs. 2,100.

(2) *Expenditure.*—Of the total provision of 1·30 lakhs officers’ pay accounts for 47 and ordinary establishment costs 35. The provision for travelling allowance is Rs. 12,000. The forest officer and his office account for a little over 20. The only other important provision is that of Rs. 7,000 for the demarcation of the Nepal border.

* The estimates show a special pay of Rs. 500. This is due to the fact that the Local Government are empowered to raise the duty allowance of Rs. 250 to Rs. 500 per mensem. When a senior officer who would otherwise be commissioner of a division has to go on working as Political Agent, the duty allowance is generally raised.

The expenditure has grown as below :—

	1924-25.	1926-27.	1927-28.	1928-29.	1929-30.	1931-32.
<i>Account I.</i>						
Pay of Officers		·46	·59	·50	·53	·80
Pay of establishment		·33	·36	·35	·35	·37
Allowances		·13	·14	·16	·16	·16
Contingencies		·09	·08	·10	·09	·08
Grants-in-aid	·03	·02	·02	·02
Supplies and Services	·01	..	..
Total Account I		·101*	1·20†	1·14	1·20	1·23
* Minus ·18 recoveries. † Minus ·29 recoveries.						
<i>Account II.</i>						
Demarkcation of Nepal border	·05	·07
GRAND TOTAL		·90	·83	1·14	1·25	1·30

Account II will, as usual, be dealt with separately.

Under Account I, there has been an increase of Rs. 32,878 since 1924-25 recoveries amounting to Rs. 11,544, which used to be taken in reduction of expenditure, are now credited as revenue. Further, the whole of the cost of the Agency Forest Officer (amounting to Rs. 20,100) shown in the estimates since 1926-27, is recovered from the States and credited as revenue. The small balance represents genuine increase of expenditure and is made up of minor items.

(3) *Our proposals.*—The department has offered a reduction of Rs. 13 lakhs, which presumably includes ·07 provided for the demarcation of the Nepal border. It has urged that a self-contained Agency is necessary for the Bihar and Orissa States and that the utilisation of the local district officials is not feasible. Pending an examination of the question of the status and the future control of the States the department is unable to suggest any change in the existing arrangements. In the main, we accept this view. But we consider it feasible to abolish the post of Assistant Political Agent. The Deputy Commissioner of Angul already performs judicial functions in some of the States; if it is found necessary to afford further relief to the Political Agent in his judicial work, which appears to be the main function of the Assistant, it might be possible to provide it by empowering the district staff of the adjoining districts to deal with cases arising in the States.

On the analogy of the present arrangement no payment would have to be made to the Local Government for the services of other officers.

Apart from this we recommend acceptance of the departmental offer.

(5) *Summary of savings.*—The reduction will be ·20 as below :—

- 067 } departmental Officer out of which ·07 has been taken into
- 07 } account in Chapter XX.
- 14 Assistant Political Officer.

Central Provinces.

(1) *Introductory*.—The charge of the Political Agent, Central Provinces Feudatory States, comprises 15 States in the Chhattisgarh Division of the Central Provinces. Six of these are at present under “administration” owing to the minority of their rulers. Political relations are maintained through the agency of the Local Government, who however get no payment for this agency work.

Up to 1882, the administration of these States was supervised by the Commissioner of the Chhattisgarh Division and the Deputy Commissioners of the districts to which they were attached. In that year it was decided to place them under the charge of a whole-time Political Agent on Rs. 1,150—2,500 *plus* a special pay of Rs. 250. He has a small special establishment costing .15; its strength is not known to us.

(2) *Expenditure*.—Apart from the pay of the Political Agent and his establishment the only important provision is Rs. 300 for miscellaneous contingent charges.

The following table shows how the expenditure has grown :—

	1913-14.	1922-23.	1924-25.	1926-27.	1927-28.	1928-29.	1929-30.	1931-32.
<i>Account I.</i>								
Pay of Officers }			..	.29	.30	.23	.24	.28
Pay of Establishment }			..	.16	.16	.16	.15	.15
Allowances }		.64	..	.06	.04	.04	.03	.04
Contingencies }			..	.03	.04	.03	.03	.03
Grants-in-aid }		01	.01	.01	.01
Deduct—Recoveries.. ..		—27	..	—26	—20	..	—07	..
Total .. ..		.28	.37	.37	.28	.35	.47	.51

The apparent increase of Rs. 13,921 since 1924-25 is nominal. Recoveries, which were then taken in reduction of expenditure, are now credited as revenues. But as explained below the recoveries are much smaller now than before 1929. The gross expenditure shows a decrease of .13 due to variations in the pay of the officer and the establishments. We may now explain two changes of some importance.

In 1929, the basis on which contribution had been levied from the States under direct management was revised [*vide* paragraph 3 (iii) *infra*]. This revision has placed an additional burden of .20 on central revenues.

The contribution of the States under direct management has been increased during the current year from $\frac{1}{4}$ per cent. to $\frac{3}{8}$ per cent. of the total income of the contributing States and is subject to reconsideration should the percentage be considered too low. The increased revenue as a result of the revised arrangement is estimated to amount to Rs. 4,781 in the current year.

(3) *Our proposals.*—(i) No saving or reduction of expenditure has been effected by the department.

(ii) We recommend that a reduction of Rs. 2,000 should be effected. Our specific suggestions which will enable the proposed reduction to be effected are :—

- (a) Abolition or at least reduction of the special pay* of the Political Agent.
- (b) Reduction of establishment by, say, 10 per cent.
- (c) Reduction of the provision for contingencies by Rs. 500.

Our reasons for each suggestion are :—

(a) The charge is by no means onerous and though it involves work in certain respects different from district work, it has so many compensating advantages attached to it that no special pay should be necessary to continue to attract suitable men to the post.

(b) We concede that the expenditure on the establishment has not grown, but we think it can perhaps bear some reduction not exceeding 10 per cent.

(c) The proposed reduction will still leave the provision for contingencies at approximately the level of the actual contingent expenditure in 1929-30. In view of the fall in prices it should not be difficult to effect the reduction proposed by us.

(iii) Further, we do not see why the arrangement under which the States under "administration" used to contribute not only towards the Political Agent's pay proper but also towards his special pay and leave and pensionary charges and also towards establishment and contingent charges was considered inequitable. To us the validity of the view at such States should not be called upon to pay more than the cost of the extra establishment entertained for their management appears to be doubtful. It ignores many of the important items of expenditure from central revenues which would not be necessary if States had not to be managed by the Paramount Power during the minority of the feudatory rulers. The nearest analogy to "administration" that we can think of is the management of estates by the Courts of Wards in the provinces. We understand that they charge a certain percentage (in the U. P. it is 10) of the gross income of the estate in question; this is the estate's contribution to the provincial revenues towards the assumed cost of superior supervision. This actual provincial practice supports our provisional view that a State which receives the services of the officers maintained from central revenues should make a full contribution representing the total real cost of those services.

* Though this is not mentioned in the Estimates, we gather from the department's replies to our questionnaire that it is paid.

Assam.

(1) *Introductory.*—Political expenditure in this province relates to:—

(i) The Political Agency at Manipur. A political agent (special pay Rs. 200), a Medical Officer (pay Rs. 1,000 *plus* overseas pay Rs. 300 and a compensatory allowance Rs. 100) and a Registrar (pay Rs. 200—500), are the three officers* maintained in connection with the Manipur Agency. The ministerial staff numbers 50 and costs Rs. 19,000. A provision of Rs. 8,000 has also been made for payment to the Assam Government in respect of the "loose political control" exercised over certain tracts of the Naga and Lushai hills. The total provision for 1931-32 is -80 lakh.

(ii) The administration of tracts on the North-East Frontier declared "backward"† under 52 (A) (2) of the Government of India Act. Government's accepted policy in regard to these tracts is to maintain a system of loose political control over the savage and backward tribes who inhabit this region, and to prevent them from raiding into British India, but otherwise to abstain from interference with their affairs, subject to the fulfilment of international obligations. In pursuance of this policy, two Political Officers, three Assistant Political Agents, a ministerial establishment numbering 98 and costing Rs. 32,000 and Medical and steam launch establishments costing -02 are maintained. Medical expenditure is in fact -58 lakh and is provided under the grant for "medical services".

The total 1931-32 provision in respect of these tracts is 1.13 lakhs.

(iii) Miscellaneous charges, the 1931-32 provision for which is -31.

(2) *Expenditure.*—The following table shows the progress of expenditure:—

	1922-23.	1924-25.	1926-27.	1927-28.	1928-29.	1929-30.	1931-32.
<i>Account I.</i>							
<i>Manipur.</i>							
Pay of Officers	-28	-46	-42	-45	-41	-50	-452
Pay of Establishment ..	-23	-23	-24	-24	-26	-16	-19
Allowances, etc.	-03	-03	-04	-13	-06	-04	-04
Supplies and Services ..	-01	-01	-01	-01	-02	-01	-01
Contingencies	-02	-02	-03	-02	-02	-02	-02
Grants and Contributions ..	-01	-01	-01	-01	-01	-14	-09
Deduct—Recoveries .. ..	..	..	—04	—04	..	..	..
Total Account I	-59	-72	-71	-82	-77	-87	-802

* The estimates mention an Assistant Surgeon as well, but we have not been able to trace this officer in the Assam Civil List.

† Garo Hills district; British portion of the Khasi and Jaintia Hills district other than the Shillong Municipality and Cantonment; Mikir Hills; North Cachar Hills; Naga Hills district; Lushai Hills district; Sadiya Frontier Tract; Balipara Frontier Tract; and Lakhim-

1922-23. 1924-25. 1926-27. 1927-28. 1928-29. 1929-30. 1931-32.

Account II.

Pay of officers .. ..	..	..	74	59	} 1.19	1.07	.109	1.05	{ .463
Pay of establishment .. ..	..	..	97	26					
Other charges .. ..	..	..	..	19					
Medical and steam launch establishment .. ..	..	..	1.27*	.56*	.56*	.02	.02	.02	.02
Total .. ..	..	..	2.98	1.60	1.75	1.09	1.11	1.07	1.125
Other miscellaneous expenses .. ..	..	..	..	.06	.06	.06	.08	.06	.313
Total .. ..	..	..	2.98	1.66	1.81	1.15	1.19	1.13	1.44
GRAND TOTAL FOR ASSAM .. ..	..	..	3.57	2.38	2.52	1.97	1.96	2.00	2.24

Analysis.—(a) Half of the apparent increase of .082 in the cost of the Manipur Agency since 1924-25 was merely caused by accounting changes. The real growth is .04. The annual payment of .08 to Assam Government since 1929-30 shows that on other items the expenditure has gone down by 4, due mainly to the appointment of lower-paid officers (Rs. 1,370) and decrease in establishment (Rs. 3,494).

(b) If medical charges, since transferred to the Medical grant, be excluded, the expenditure on the administration of the backward frontier tract has increased by about Rs. 6,500, mainly due to an increase of Rs. 5,972 in the provision for the pay of the Establishments. The number of clerical posts is more than in 1924-25 and the pay has also been revised. An increase of Rs. 1,200 under the pay of interpreters and of Rs. 500 under elephant establishment have also taken place. The decrease of Rs. 12,348 under "Pay of officers", is due to the appointment of lower-paid officers and the reduction of one of the four posts of Assistant Political Officers, but it has been counterbalanced by an increase of Rs. 12,997 under Other Charges, viz., grant of local allowances (Rs. 5,000) to the Political Officers and the Assistant Political Officers, purchase of boats and elephants (Rs. 3,850) and certain miscellaneous charges (Rs. 4,000).

(c) The increase of .25 under 'other miscellaneous charges' is due to the expenditure for providing for expenditure in connection with a boundary settlement with Bhutan.

(3) *Our proposals.*—The department has offered a reduction of .28 lakh; we do not, however, know the details.

* The provision for the medical establishment is now shown under the head "Medical", showing the decrease in later years.

Our own proposals are :—

- (i) We observe that the political officers get the following special pays and allowances :—

					Rs.
Manipur—					
Political Agent, special pay	..	..	..	..	200
Medical Officer, compensatory allowance	..	..	..	..	100
N. E. Frontier—					
Political Officer—					
Special pay	..	..	..	..	250
Compensatory allowance	..	..	..	..	150
Political Officer—					
Special pay	..	..	..	..	250
Compensatory allowance	..	..	..	..	150
Assistant Political Agent, compensatory allowance	..				75
Assistant Political Agent—					
Special pay	..	..	..	..	50
Compensatory allowance	..	..	..	..	75
Assistant Political Agent—					
Special pay	..	..	..	..	100
Compensatory allowance	..	..	..	..	75

The department has in the course of its replies to our questionnaire informed us that in the interests of economy the Assam Government have reduced the special pays and compensatory allowances as below :—

Political Officer, Sadia frontier tract from Rs. 400 in all to Rs. 250.

Political Officer Ballipara tract from Rs. 400 to Rs. 150.

We greatly appreciate this action of the Assam Government and propose that the special pays and allowances in the case of other officers should also be reduced—not necessarily by a uniform percentage but in such a way as to yield an aggregate saving of 50 per cent. of the present provision. This saving will amount to about Rs. 9,000.

Life on the North-East Frontier presumably is harder and the amenities are likely to be fewer than in the case of the Manipur Agency. We therefore think that it should not be difficult for the Assam Government to reduce the special pays and allowances in the case of the Manipur Agency at least on the same lines as the reduction already effected in two cases on the North-East Frontier.

- (ii) We observe that the strength of the establishment has gone down a little and that expenditure has decreased roughly by Rs. 3,500. Hence we do not make any definite recommendation.

- (iii) In the light of the actuals of 1929-30 a reduction of Rs. 300 in the provision of Rs. 1,300 for miscellaneous and petty supplies and Rs. 200 in miscellaneous office contingencies should not be difficult.
- (iv) As regards the North-East Frontier we hold that there is much more room for reduction of expenditure. One officer's post should be abolished. In view of the distance that separates the Sadia frontier tract from the Ballipara tract it may not be found feasible or economical to manage with only one political officer for both the tracts. We shall therefore assume that one of the Assistants' posts will be abolished ; even then the saving will be about '06.
- (v) We have already noted that the number of clerical posts has gone up considerably since 1924-25. We think a ten per cent. reduction of the establishments should therefore be fairly easy to effect ; saving '03.
- (vi) Further we draw attention to the abnormally high provision for other miscellaneous charges. We have been told that this is due to a boundary settlement with Bhutan. We presume that the settlement can wait for some years and alternatively that the expenditure can be spread over some years. We recommend that the provision for 1932-33 for this service should be reduced by '20.

(4) *Summary of savings.*—The specific proposals made by us above yield reduction of a little over '34 in the political expenditure in Assam. For purposes of this chapter we assume a saving of '14, the reduction of '20 under paragraph 3 (vi) above being taken into account in Chapter XX.

CHAPTER XVIII.

PERSIA, ARABIA AND THE PERSIAN GULF LITTORAL

In this chapter we propose to deal with diplomatic and consular expenditure in Persia and the Gulf Littoral. Two of the three Political Agencies on the Arabian side of the Persian Gulf, *viz.*, those at Bahrein and Muscat, the Directorship at Gwador and the Trade Agency at Duzdap, though provided for under Account I, will also be dealt with in this chapter.

(1) *Introductory.*—Owing to their common border with Turkey, Arabia, Afghanistan and Baluchistan, Persia and the Persian Gulf Littoral occupy a political and strategic, especially naval, position in which India has for about a century taken some interest. Various foreign powers have in the past competed for influence at the Persian Court and the security of the British Empire in India was at one time considered to be seriously threatened by Russia's naval designs in the Gulf and her railway schemes in Persia, the French project of a naval base in the Gulf of Oman and Germany's project of a railway linking Europe with Baghdad and Koweit. In 1907 Persia was partitioned into Russian and British spheres of influence and her independence was menaced for some time. The Great War, however, has changed what at one time appeared to be her inevitable fate, and the menace to her independence is considered to have disappeared. She has improved her international status and importance. The emergence of republican Turkey, nationalist but not imperialistic in its outlook, of Communist Russia, of the new state of Hedjaz *cum* Nejd and the revolution that has taken place in Afghanistan's status and outlook since 1919 have changed the nature and importance of the political interests of Great Britain and India, respectively, in the Middle East. These factors have to be borne in mind for a proper appreciation of our conclusion that several of the political agencies, consulates and vice-consulates in Persia and Arabia which had been set up to protect Britain's imperial interests in the Middle East before the war appear to us now to be mere relics of the old and now somewhat obsolete Anglo-Russian policy in relation to Persia.

Authority controlling the Middle-East policy.—At the outset we may also note the most important fact of the situation, *viz.*, that the "middle east policy" which includes the relations with Persia and Arabia, is entirely under the control of the Foreign Office of His Majesty's Government and not of the Government of India or the Secretary of State for India. In the circumstances however, the Foreign Office, as was to be expected, naturally utilises the agency of the Government of India for purposes of advice and in some cases ordinary administration.

(2) *Expenditure.*—The table below shows the progress of expenditure on each of the outposts:—

	1913-14.	1922-23.	1924-25.	1926-27.	1927-28.	1928-29.	1929-30.	1931-32.
Ahwaz ..	·40	·73	1·90	·28	·25	·27	·27	·29
Bunder Abbas ..	·40	·58	·59	·55	·56	·65	·56	·56
Bushire ..	2·60	7·29*	4·87	2·90	3·52	3·72	3·58	3·43
Kerman ..	·46	·81	·83	·85	·64	1·52	·83	·71
Koweit ..	1·09	1·19	·61	·47	·61	·53	·67	·56
Kermanshah ..	..	·13	..	..	..	..	..	..

*Includes charges for Despatch Vessel. These are now provided for under a separate

1913-14. 1922-23. 1924-25. 1926-27. 1927-28. 1928-29 1929-30 1931-32

ingah ..	·09	·03	·03	·03	·02	·07	0·2	..
ohammerah	·46	·41	·36	·34	·27	·32	·42	·40
hiraz ..	..	3·28	·06	·06	·06	·04	·02	·01
ersian Legation	1·42	2·07	1·26	·79	·53	·42	·21	·19
horasan ..	1·42	1·40	1·63	1·54	1·31	1·17	1·18	·96
sistan ..	1·34	1·20	1·53	1·14	1·17	1·26	1·16	1·07
uzdap ..	..	..	..	·30	·29	·35	·38	·41
uskat*	1·40	·79	·69	·72	·65	·66	·64	·70
ahrein ..	·57	·80	·96	·90	·82	·93	·90	·84
wadur ..	..	..	·12	·12	·11	·12	·11	·10
uzdap Trade Agency ..	..	..	..	·10	·13	·14	·14	·16
Total ..	11·65	20·71	15·44	11·09	10·94	12·17	11·09	10·39
uskat subsidy	2·66	1·94	1·86	1·86	1·86	1·86	1·86	1·86
despatch vessel†	..	..	..	..	..	1·20	1·20	1·20

total for Persia and the Gulf. 14·31 22·65 17·30 12·95 12·80 15·23 14·15 13·45

*The Muskat subsidy is in addition. It was 2·66 lakhs in 1913-14 and is 1·86 lakhs now.

†Precise actuals not available. Hence budget figures only are shown.

Other expenditure.—In addition to the charges shown above under individual agencies, consulates, etc., some other expenditure, shown under other heads in this grant, is also incurred in these areas, e.g., the subsidy to the Sultan of Muscat (Rs. 1,86,400 per annum) and the cost of hiring a despatch vessel for the Political Resident at Bushire (Rs. 1,20,000). These have been shown in the table. We shall take these items into account in dealing below with the individual agencies.

A more important point to bear in mind is the fact that a good deal of political expenditure is now being shown in the High Commissioner's budget. We cannot ascertain what portion refers to political expenditure in Persia, etc.

Office allowances.—We may also mention a special feature of miscellaneous office expenditure in the consulates, etc. In 1912 a system of office allowances, based on the analogy of the system prevailing in consulates under the British Foreign Office, was introduced, under which a fixed sum is placed at the disposal of each political unit. The merit claimed for it is that it relieves the officers serving in remote localities in Persia of the obligation of referring proposals for expenditure on petty matters to higher authority for sanction. Though audit control is relaxed to some extent, it is contended that the system tends to reduce the cost of audit and accounts establishments. A

central contract grant is also placed annually at the disposal of the Resident in the Persian Gulf for expenditure on annual or ordinary repairs of the buildings under his control. The office allowances of certain outposts are "centralised", i.e., they are provided in the budget of the Political Resident at Bushire. We have only to add that, generally speaking, Secret Service money is now included in the office allowances.

(3) *India's share of the cost.*—Besides the outposts enumerated in the above table, there are other agencies and outposts under the direct control of His Majesty's Government. The arrangements in force for the apportionment of the cost between Great Britain and India and for the exercise of administrative control over their working are complicated. Generally speaking, the British Minister at Teheran is the authority responsible for their work but the Government of India receive copies of the reports made by the Consuls and Vice-Consuls to the Legation at Teheran. In certain cases the officers are appointed by the Government of India from the cadre of the Political Department; the rest belong to His Majesty's consular services. We are not, however, aware of the criterion adopted for determining whether the Government of India or His Majesty's Government should have direct administrative control over a particular agency, for, we note that certain consulates formerly under the control of the Government of India were recently transferred to the British Foreign Office. Whether the controlling authority is His Majesty's Government or the Government of India and whether in the first instance the expenditure is incurred by His Majesty's Government or the Government of India, the whole of the expenditure in Persia and, with the exception of Muskat and Bahrein, in the Persian Gulf is divisible equally between them. The whole of the expenditure on Bahrein and Muskat, including the subsidy to His Highness the Sultan of Muskat, is borne by the Government of India, except that charges connected with anti-slavery measures and sanitary arrangements are divisible between the Government of India and the British Foreign Office; the provision for such charges in the Indian budget is very small.

(4) *Inchcape proposals.*—The Inchcape Committee considered a total budget of 22·40 lakhs which included the cost of lighting and buoying the Persian Gulf. The whole position has since changed so much that no useful purpose will, we think, be served by tracing the extent to which the expenditure was reduced. The following extract from that Committee's report will, however, be of some interest.

"At present political expenditure in Persia is divided in moieties between the Indian and Imperial Exchequers, this arrangement being based on the recommendations of the Welby Commission. We are informed, however, that, owing to the lack of sufficiently strict definition, the question has arisen from time to time whether important individual items of expenditure are properly governed by this principle of division. We are impressed by the heavy liabilities imposed upon India during the war and we are strongly of opinion that the present arrangement should be revised without delay and that the Government of India should take over the whole cost of certain consulates, etc., which abut on India, and leave the others to the Home Government, possibly paying some share in one or two cases in which the two Governments have a mutual interest. It is, in our opinion very desirable to ensure that India's

bilities in Persia should be strictly limited and defined. We recommend, therefore, that a revision of the existing arrangements be considered, and also at the possibility be examined of making a charge to shipping for lighting and buoying the Persian Gulf the cost of which is at present shared by India and the United Kingdom on the half and half basis."

(5) *Departmental proposals*.—The department has proposed to reduce the expenditure incurred in Persia and the Persian Gulf as below :—

Budget for 1931-32.				Reduction.
Persian Gulf .. ..	..	..	10-87	1-00
Seistan .. ..	..	..	1-64	-07
Khorasan .. ..	..	..	-96	-05
Tehran .. ..	..	..	-19	-01
Iraq .. ..	..	..	-08	N ^o .

We have been informed that among the important items which the department proposes to bring under retrenchment are :—

- (a) Abolition of the posts of (i) the Consul at Kerman, (ii) the Wireless Operator at Meshed, (iii) an orderly of the Tehran Legation.
- (b) Abolition of the launch at Bunder Abbas.
- (c) Local recruitment of escorts in Persia instead of sending them out from India.

The department has further added that the question of reorganisation, consular posts and establishments in Persia is under consideration and it is proposed to depute a senior officer of experience to visit each consulate and submit his recommendations. The savings resulting from such a scrutiny will be additional to those shown above.

(6) *Our proposals*—(a) *Main proposal*.—We find that inside of the Finance Committee's recommendation not much headway has been made with the proposal to limit and define India's responsibility for diplomatic and Consular work in this region. India still continues to pay, broadly speaking, the entire expenditure at Bahrein and Muscat and half the diplomatic and consular expenditure in Persia and the rest of the Gulf. The department claims that "it has been proposed to His Majesty's Government that India should bear the entire cost of British consulates located in these* regions and to a portion of the expenditure on the Legation at Teheran and leave His Majesty's Government to bear the entire expenditure of the rest of the consulates in Persia. This proposal is still under the consideration of His Majesty's Government."

We must here observe with surprise that though nearly a decade has passed, no substantial progress appears to have been made in the direction of a definition and limitation of India's real liabilities in Persia and the Gulf. We recommend that the Government of India should press for an immediate settlement of this issue, pointing out that public opinion in India refuses to continue to share what it considers to be little more than Britain's expenditure in furtherance of her imperial interests in the Near East.

* The reference is to Eastern and to a part of Southern, Persia, where, in the department's view, Indian interests predominate.

Secondly, we question the validity of the assumption that India has "important political and commercial interests in Persia" which are looked after by the diplomatic and consular agents of His Majesty's Government. Since our considered conclusion on this matter is fundamentally at variance with the view put forward by the department, we propose to examine the position in some detail.

Apart from the defence of India's land and sea frontiers on the West, the only specific instances of India's interests in these territories, which the department could cite, or we could trace in the records, are :—

- (i) India's interests in the pearl fisheries at Behrein.
- (ii) the employment of a large number of Indians in the Anglo-Persian Oil Company's works and refineries.
- (iii) India's trade with the Gulf territories.
- (iv) The pilgrim traffic to and through the territories in question.

As regards India's defence, we consider that India pays at least her full share and should not be called upon to bear any more. We do not think any dominion or colony has been asked, or has agreed, to bear a portion of Britain's "imperial" defence expenditure even if it be called diplomatic and consular expenditure.

We shall now examine the other contentions.

It is a well known fact that, broadly speaking, India is not directly interested in the pearl fisheries of the Gulf but only in the pearl trade and that too after the pearls reach India. India's position as an entrepôt in the pearl trade no longer is what it used to be. The better class pearls now often go direct from the Gulf to Paris, London, New York and other important centres. It is true that some pearls find their way to India, but they are seldom the pick of the catch. The value of this trade to India is declining and numerous Indian business houses have had to settle at Paris and other centres. We do not know the numbers of Indians engaged in the pearl fisheries or even the pearl trade on the spot, but we have no reason to think they are very considerable.

The fact that Indians are employed in the Anglo-Persian Oil Company's works cannot justify the saddling of India with the expenditure on consulates, whose main business is to look after the interests of the Oil Company rather than its employees and to keep Britain's hold on the Lynch road and maintain her commercial position in Arabistan. The fact that there are fairly considerable Indian colonies at, e.g., Kobe, Osaka, Paris and in Egypt, Abyssinia and similar countries has, so far as we are aware, never been urged as a ground for charging some of the British consular expenditure in these areas to India. So far as we know, the dominions and colonies also do not share in such expenditure.

It is true that India has some trade with the Gulf and with Eastern Persia. But one of the main lines of Indian trade with the Gulf, viz., Indian textiles, is declining and can now be almost ignored. Indians also handle certain classes of goods—many of them British—as mere middlemen but we are not aware of any considerable Indian trade with this region in purely Indian goods. So far

as we have been able to ascertain the commodities in which India carries on trade with this region are :—

- (i) imports of Basra dates into India,
- (ii) imports of Bahrein pearls into India (the total value of which has, we believe, very seriously declined),
- (iii) exports of grain from India, and
- (iv) export of cotton from India.

This list is by no means an imposing one, and the nature and the size of the business in these articles cannot justify the spending of about 12 lakhs every year from Indian revenues. Again, this area has been given no place in the accepted scheme of special trade commissionerships and that fact also leads to the inference that India's commercial stake in the Persian Gulf is not considerable. We may also draw attention to the fact that even apart from the Political Resident at Bushire many of the Political Agents, Consuls and Vice-Consuls are military men. Even those consular officers who are medical men are drawn from an essentially military organisation, viz., the Indian Medical Department. We cannot believe that they are seriously intended for the furtherance of India's trade interests nor that they are qualified for such roles. No definite evidence has been adduced to show that they have in fact tried, or been able, to further India's trade in these regions.

As regards the pilgrim traffic to Muslim shrines in Iraq and the neighbouring territories, it is but a small fraction of that to Mecca and Medina and is not large enough to justify more than a fraction of India's expenditure on the Consulate at Jeddah being charged to India.

On the other hand, Britain's interests in Persia and the Gulf are large and valuable. The Anglo-Persian Oil Company and the oil question in Upper Iraq (in either of which India *per se* has no interest), Britain's control of the Lynch road, her nationals' very large share in the commerce with Persia and especially the territories bordering on the Gulf, her influential position in the field of banking in Iran and Iraq, her dominance in the trade in Oriental carpets, her exceptional status in the mandated territory of Iraq, her preponderance in the shipping of the Gulf ports, her interest in the developments in modern Russia and in the various Muslim countries on the frontier of Persia, the naval and maritime position which Britain occupies in the Arabian Sea owing to her control over the Gulf, her claims of extra-territoriality, the importance of Iraq and Persia to her air navigation, the over-land telegraph line in the adjacent areas, the need for controlling the traffic in arms—these are some of the factors that indicate the extent and character of British political and trade interests in the Middle East. It is perhaps true that these interests were secondary in origin. But to-day they are far more important than the trade interests of India proper—the latter are, in essence, merely nominal. This conclusion of ours is amply strengthened by the fact that the control of relations with Persia is vested in the British Foreign Office (vide paragraph 1). We may also draw attention to the fact that nowhere except along a short stretch of desert does the Indian frontier march with the Persian.

M.27 Fin.

The Inchcape Committee was "impressed by the heavy liabilities imposed upon India during the War" and gave its opinion in favour of an immediate revision of the arrangements then in force. It wanted that India's liabilities should be limited and defined. We too are impressed by the unjustifiable burden in various forms that India has been compelled to bear for generations and hold that the time has now come when it should be lightened. Both Afghanistan and Persia have now emerged as powers of international importance in direct relations with His Majesty's Government in Great Britain. The prospective termination of the mandate over Iraq will at no very distant date give birth to a new national state with a similar status. In all such countries Great Britain would, even apart from her interests in India, maintain her own diplomatic and consular establishments. So far as we are aware, the dominions do not contribute towards the maintenance of Britain's diplomatic and consular representation in countries in which particular dominions have special interests, e.g., Canada, *vis-a-vis* the United States of America.

We may add that most of these consular outposts appear to us to be the relics of the pre-war British policy in Persia and the Gulf against the menace of Russia, Germany and other rivals and that even to-day some are intended for "intelligence" work. We believe that a clear and strong case exists for asking for complete relief.

We are not unaware of the fact that the Government of India themselves have not always seen eye to eye with His Majesty's Government on the question of the extent and character of India's interests and liabilities in this region. But, we would like them to press vigorously for the redress proposed by us; we consider that if this is done, it should not take more than about a year to obtain it. This act of sheer justice will help to relieve India's already heavy burden to the extent of about 11.50* lakhs.

(b) *Subsidiary proposals for transition period.*—Pending the fructification of such negotiations, however, we recommend that the following economies should be effected. We believe that there is a mutual obligation on Great Britain and India not to increase, beyond narrow limits, expenditure on the diplomatic and consular services in this part of the world without mutual consent. But, this need not stand in the way of India being allowed to effect such economies as she adjudges feasible and desirable. Indeed we hold that Britain's attitude towards this problem should be regarded as an index of her *bona fides* in promising to advance India towards "Dominion Status". We are glad to observe that one of the recommendations of the Retrenchment Committee appointed in 1931 by the Secretary of State for India under the Chairmanship of Sir Henry Wheeler was that efforts should be made to secure the discontinuance of the annual contribution of £12,000 from Indian revenues towards the cost of diplomatic establishments in China. We do not know if effect has been given to this, but we look upon it as a recognition by Great Britain of the great change in the real character of India's interests in China and their relative importance *vis-a-vis* the imperial interests

* Viz. 1.81 under Account I. 8.59 under Account II-C, 1.86 under Account II-B(1) and 1.20 under Account II-K-4 (3) minus recoveries from His Majesty's Government which in 1929-30 amounted to 1.86.

of Great Britain. This leads us to hope and trust that if India's point of view is properly put to His Majesty's Government they will be prepared to do her the justice that has long been due to her in the somewhat analogous case of Persia, etc., also.

We may also draw attention to a specific economy of a general character before we come to deal with each individual agency, consulate, vice-consulate, etc., in the succeeding paragraphs.

We observe that the officers employed in Persia and the Persian Gulf are remunerated, apart from pay proper, by means of special pays and various allowances (*e.g.*, sumptuary, compensatory, customs compensatory, language, charge, motor car, conveyance, unhealthy climate, house-rent). In one case, *viz.*, that of the vice-consul at Mohammerah, we have specially noticed that the aggregate of the allowances admissible exceeds the pay proper and we should not be surprised if there are other similar cases, though not so apparent. Medical officers performing their normal duties also get special pays, compensatory allowances, etc. We hold that an obvious and easy method to effect economies is to revise the entire system, and we recommend accordingly. We may add that Persian is a comparatively easy language to acquire and since there are numerous outposts in Persia, an officer's knowledge of it once acquired is not likely to be useless on his transfer from a particular station. Hence, there is no great justification for a language allowance, at any rate on a monthly basis. We do not know if His Majesty's Government will have to be consulted or not, but we recommend that pending a thorough examination the special pays and allowances payable at present should be cut by one-half. In this connection we invite attention to a similar recommendation made by us in the case of the North-West Frontier Province and Baluchistan and to paragraph 9 (*iii*) of Chapter I.

(7) *Bahrein, Muscat and Koweit Agencies.*—On the Arabian side of the Persian Gulf three political agencies are maintained, each at the headquarters of an independent Arab State or Chiefship. We shall deal with Koweit along with the other agencies included in the estimates under Account II. Here we shall deal only with Bahrein and Muscat Agencies and the Directorship at Gwadar which is under the Muscat Agency; these are all provided for under Account I.

In addition to the three agencies named above His Majesty's Government are represented by an Arab Agent of the Bushire Residency at the headquarters of the Trucial Sheikhs of Ras-al-Khaimah, Ajman, Umm-al-Quaiwain, Shargah, Dabai, Abu Dhabi and El Katr. This Agent has his headquarters at Shargah, but he moves from place to place as desired. In the department's opinion the political importance of these states and chiefships has increased by and since the emergence of Hejaz-Nejd as a sovereign independent state and the prospective termination of the British Mandate in Iraq. The Political Agents at Muscat, Bahrein and Koweit exercise capitulatory civil and criminal powers.

(a) *Bahrein.*

(i) *Introduction.*—Bahrein was one of the first places in the Persian Gulf to attract the attention of the East India Company on account of the pearl fisheries. Its rulers were often assisted against Turkey, Persia and other

powers, but formal political relations were established in 1829. The Indian Government's representative was invariably a "native agent", but in 1900 it was decided to set up a regular British political agency.

The rulers of Bahrein are under agreement not to enter into any agreement or correspondence with any power other than the British Government or to allow any agent of any other Government to reside in Bahrein without British consent, or to cede, sell, lease or otherwise give occupation of any part of their territory except to the British Government. Jurisdiction over all persons other than Bahrein subjects has been "capitulated" to the British Government. Thus, the Political Agent has to maintain a court for the disposal of judicial work. The rulers of Bahrein have also undertaken to abstain from slave trade, piracy, traffic in arms and ammunition and other unlawful practices by sea. The pearl fisheries, which form the most important industry in this part of the Persian Gulf, have always been policed by the British Government. The entry of foreigners including European British subjects into the fisheries has been steadily opposed by the British Government. We do not know the value of the pearl trade with Bahrein, but we have good reasons to believe that it has very largely declined.

Bahrein is also important as a means of keeping in touch with the ruler of Central Arabia and the British representative has some responsibility for the prevention of any encroachment by him on the rights of his smaller neighbours, *e.g.*, the ruler of Qatar and the Trucial chiefs.

A Political Agent (pay Rs. 950—1,000 with a special pay of Rs. 200, a charge allowance of Rs. 150, a sumptuary allowance of Rs. 100 and a language allowance of Rs. 100), an Assistant Surgeon (pay Rs. 450 with a charge allowance of Rs. 30 and a special pay of Rs. 100) and an Indian Assistant (pay Rs. 410 with a special pay of Rs. 75 and a house-rent allowance of Rs. 50) are the three officers maintained at this agency. The establishments comprise seven clerks (four of whom get special pays) and a medical attendant. In 1930-31 there were only five clerks. The staff in 1913-14 consisted of two officers and three clerks, and even in 1922-23 there were only two clerks for this Agency.

The total cost on account of the Bahrein Agency is Rs. 84,000. Apart from the pay of the staff the only other important provisions are .14 for a motor boat and steam launch and .15 for office allowances.

The expenditure has varied as below :—

			1913-14.	1922-23.	1924-25.	1929-30.	1931-32.
Pay of officers	..	..	·26	·21	·33	·30	·29
Pay of establishment	..	..	·04	·11	·13	·12	·16
Allowances	..	..	·01	·14	·08	·08	·08
Supplies and Services	..	..	·11	·14	·15	·16	·14
Contingencies	..	..	·14	·19	·20	·24	·17
Total	..	..	·56	·79	·96*	·90	·84

Compared with 1924-25 expenditure has decreased by .12 inspite of the increase of Rs. 3,300 due to revision of pay of establishments and increase in their number. The gross decrease of Rs. 15,600 was due to (i) the posting

* Includes .08 for compensations now treated as allowances.

of a junior officer as Political Agent counterbalanced by the revival of the post of an Indian Assistant and the accrual of increments (Rs. 4,000), (ii) non-provision for compensation for depreciation of krans and dollars (Rs. 8,400), and (iii) reduced provisions for Supplies and Services and Contingencies, etc. (Rs. 3,200).

(ii) *Proposals*.—We have explained how the staff has grown, particularly in the ministerial grade. We consider that a growth from two clerical posts in 1922-23 to seven such posts in 1931-32 is unduly rapid, and recommend that the clerical post which was added so late as 1931-32 be abolished. The post of Indian Assistant to the Political Agent which was kept vacant in 1922-23 can perhaps be abolished now. The new provision of Rs. 300 for house-rent allowance will go out automatically if even one clerical post is retrenched. The office allowance of Rs. 15,400 is excessive and should be reduced. In all, a reduction of .10 in the expenditure at Bahrein is feasible and should be effected.

(b) *Muscat*.

(i) *Introductory*.—Muscat is a Sultanate and the Sultan receives a subsidy of Rs. 1,86,400 from the Government of India. Besides being responsible for political relations with His Highness the Sultan, and for the conduct of work at Gwadar (*vide infra*), the Political Agent has also to dispose of judicial work arising out of the capitulatory rights of the British Government.

The Political Agent gets a special pay of Rs. 300, a language allowance of Rs. 100 and a sumptuary allowance of Rs. 100. A Surgeon (on Rs. 650 plus a special pay of Rs. 100, compensatory allowance of Rs. 50 and a quarantine allowance of Rs. 150 which is paid by His Highness the Sultan's Government) is attached to the Agency. The post of Treasury Officer created in replacement of a non-gazetted post of Agency Office Superintendent is estimated to cost Rs. 4,500. There are three clerks.

Apart from the pay of the staff the only important provisions are Rs. 6,500 for office allowance and Rs. 3,500 for "contract grant".

The expenditure has varied as below :—

			1913-14.	1922-23.	1924-25.	1929-30.	1931-32.
Pay of officers	..	..	.42	.26	.26	.33	.43
Pay of establishment	..	..	.06	.12	.13	.13	.11
Allowances	..	..	.02	.11	.06	.04	.04
Contingencies	..	..	.20	.16	.16	.14	.13
Total	..	..	.70	.65	.69*	.64	.70

Compared with 1924-25 the 1931-32 provision has decreased by about Rs. 1,600. It is the net result of a gross increase of Rs. 17,600 and a gross decrease of Rs. 16,000. The gross increase was due to (i) the post of Agency Surgeon having remained vacant for a time in 1924-25 (Rs. 6,800), (ii) the creation of a gazetted post of Treasury Officer in replacement of the post of Agency Office Superintendent (Rs. 4,500), (iii) the appointment of a Political

* Includes .08 for compensations now treated as allowances.

ment on a higher rate of pay (Rs. 3,800), (iv) appointment of a senior sub-assistant surgeon and accrual of his increments (Rs. 1,900), and (v) other minor increases (Rs. 600). The decrease was caused by the conversion of the post of Agency Office Superintendent into a gazetted post (Rs. 3,900), decrease in touring charges and payment of house-rent and other allowance (Rs. 1,400) non-provision of compensations for depreciation of trunks and billars (Rs. 7,600) and decreased provisions for postage and telegram charges (Rs. 1,100), for office allowance (Rs. 1,000) and for supplies and services and contingencies (Rs. 1,000).

(ii) *Proposals*.—The superior staff was increased in 1931-32 by the creation of a new gazetted post of Treasury Officer in place of the non-gazetted post of Agency Office Superintendent. This post should be abolished and not merely reduced to non-gazetted status; saving Rs. 4,500. Other economies should be effected so as to reduce the expenditure by Rs. 5,000 in the aggregate.

(c) *Gwadar*.

(i) *Introductory*.—The Port of Gwadar in the south-east of Baluchistan, a little to the east of the Persian border, is held by the rulers of Muscat and used to be an important link in the chain of the overland telegraph line between Europe and India. A Director on Rs. 300 and establishments costing Rs. 6,100 are maintained at Gwadar. The total cost is 10.

(ii) *Proposals*.—We presume that the Director and his establishment are maintained, at any rate in the main, in the interests of the over-land telegraph line in the south of Baluchistan. If so, we fail to see what interest India as such has in incurring an expenditure of 10 every year from the "political" estimates. If he is a telegraph man, the telegraph line concerned should bear the charge, a contribution being made for consular work (if any) done by him. We shall assume that the entire provision can and will be delayed.

(d) *Summary of Savings*.

Although our proposals relating to Bahrein, Muscat and Gwadar yield a reduction of 25, we shall be content if effect is given to our specific proposals and the reduction is not allowed to go below 20.

Persia and the Persian Side of the Gulf and Koweit.

(8) *Arabistan—Introductory*.—Ahwaz together with Dizful and Mohammerah are the three outposts for the protection of British commercial and political interests in Arabistan. The biggest interest is the Anglo-Persian Oil Company; its importance is not only commercial but also naval. Besides this concern, the Arabistan grain trade, the Lynch road (which connects with Ispahan), arms traffic and the railway concession from Mohammerah to Tehran via Khurramabad were, as some of them still are, the main important interests. It was for their development and protection against the efforts of foreign powers to undermine them that British consular representatives began, even before the great war, to get into close relations with Bakhtiari and other tribes and with the Sheikh of Mohammerah. As ruler of the Arab tribes inhabiting Arabistan the Sheikh had, as he still has, a special position *vis-a-vis* the Persian Government. He has since then naturally become more com-

prehensive during the War and though the commitments have since been largely reduced, the material interests that have been developed, *e.g.*, the Anglo-Persian Oil Company, the Lynch road, which is largely under British control, and the virtual disappearance of foreign competition from the markets concerned are held to necessitate the maintenance of consular representation in this area.

(a) *Ahwaz.*

(i) *Introductory.*—The Consulate at Ahwaz used to be controlled by the Government of India but with effect from 1926-27 the control has been taken over by His Majesty's Government. The expenditure has always been shared between the two governments and is now adjusted against Indian revenues through the Secretary of State's accounts. Only the expenditure on the Vice-Consulate appears in the Indian budget and this also is divisible equally between the two governments.

A Vice-Consul on the Foreign and Political Department scale *plus* a special pay of Rs. 200 and a customs compensatory allowance of Rs. 100 is the only officer, the provision for whose pay appears in the Indian budget. Rs. 11,900 for Escort charges and a new item of Rs. 1,800 for the rent of the Vice-Consul's house are the only other important provisions.

The expenditure has varied as below :—

			1922-23.	1924-25.	1929-30.	1930-31.	1931-32.
Pay of officers	..	..	·31	·62	·12	·07	·12
Pay of establishment	..	..	·17	·19	·11	·12	·13
Allowances, etc.	..	..	·06	·04	·03	·02	·05
Contingencies	..	..	·19	·40	..	..	·62
Grants-in-aid	..	..	..	..	·01	..	·01
Total	..	..	·73	1·90*	·27	·21	·29

In 1924-25 the expenditure was 1·90 lakhs. The decrease of 1·61 lakhs (1·64 minus increase of ·03 chiefly for escorts) is mainly due to the transfer of the bulk of the expenditure to the control of His Majesty's Government, the other important factors contributing to the decrease being the posting of a junior officer as Vice-Consul, the abolition of the post of Assistant Political Officer which existed in 1924-25, the inadmissibility of the payment of compensation for the depreciation of krans and dollars and the fact that in 1924-25 heavy expenditure had to be incurred on petty construction, repairs, etc.

(ii) *Proposals.*—We presume that there is a Consul at Ahwaz under the control of His Majesty's Government and a Vice-Consul under that of the Government of India and that His Majesty's Government and the Government of India share the expenditure on the Consulate and the Vice-Consulate, the budget of the latter alone appearing in the Indian estimates.

* Includes ·60 for Works and ·05 for compensations now treated as allowances.

If our assumption that Ahwaz has both a Consul and a Vice-Consul be correct, we recommend that the Vice-Consulate be abolished. The interests of the Indian employees of the Anglo-Persian Oil Company, such as they are, can be looked after by the Consul. We believe, our assumption is correct ; hence, we shall assume a saving of Rs. 29.

If, however, Ahwaz has only a Vice-Consulate, the only economy we propose is the deletion of the provision of Rs. 1,800 (a new item in 1931-32), for house-rent for the Vice-Consul.

(b) *Mohammerah.*

(i) *Introductory.*—Mohammerah is the port of transhipment for the Lynch road to Ispahan. The Vice-Consulate is incharge of Vice-Consul, who, besides his pay of Rs. 500, gets the following special pays and allowances :—

	Rs.					
Special pay	200
Sumptuary allowance	100
Compensatory allowance	200
Customs compensatory allowance	100
Conveyance allowance	75
Total	675

Expenditure.—A substantial provision (Rs. 3,000 in the 1931-32 estimates) for the upkeep of a launch is a new item introduced for the first time in 1930-31.

The following table shows the progress of expenditure and we draw particular attention to the growth of expenditure on account of the pay of officers and allowances.

		1913-14.	1922-23.	1924-25.	1929-30.	1931-32.
Pay of officers	.. ..	·20	·06	·05	·13	·11
Pay of establishment	.. ..	·07	·12	·10	·11	·10
Allowances	.. ..	·01	·06	·05	·09	·09
Supplies and Services	.. ..		·04	·04	..	·03
Contingencies	.. ..	·18	·13	·12	·10	·07
Total	.. ..	·46	·41	·36	·43	·40

Compared with 1924-25 the net increase of expenditure is Rs. 4,581. The posting of an officer on a higher rate of pay as Vice-Consul (Rs. 5,700) grant of customs compensatory allowance (Rs. 1,900), revision of pay, increments and increased house-rent and other allowances and sanction of conveyance allowance to the Vice-Consul (Rs. 5,300) brought about a gross increase of Rs. 12,900. On the other hand the disappearance of the need for compensation for the depreciation of krans and dollars (Rs. 2,300), decrease in the provision for office allowance (Rs. 3,000), decrease of provision for the maintenance of the launch (Rs. 1,200), the transfer of the central contract grant and other minor decreases (Rs. 1,700) brought about a total gross decrease of Rs. 8,200.

(ii) *Proposals.*—The provision of Rs. 3,000 for a launch (intended for medical work at Abadan where the Anglo-Persian Oil Company's refineries

are situated and at the Shaikh of Mohammerah's palace) should be deleted. These places are said to be inaccessible except by river. But, we observe that the launch which had been sanctioned only in 1922-23 was abolished in the interests of economy and was not revived until 1929-30. We think it should be feasible to carry on without a special launch, as used to be done during the years before and after 1922-23. It might be practicable to get a launch, if and when necessary, from some neighbouring outpost or by arrangements with the Sheikh or the Oil Company, both of whom have a more direct interest in its maintenance than the taxpayer in India has.

In 1922-23 the Vice-Consulate had two clerks; now there are four. At least one post should be abolished, saving about Rs. 2,500 on pay and something more on allowances.

Minor economies in other provisions, *e.g.*, office allowances, should be possible so as to reduce the expenditure by Rs. 7,000 in all.

(c) *Dizful.*

There was a Vice-Consulate at Dizful in Arabistan which cost Rs. 2,490 in 1924-25. Since 1925-26 no expenditure has been incurred because the Vice-Consulate was abolished.

(9) *Bunder Abbas.*

(i) *Introductory.*—This is an important port and centre of trade in the Persian Gulf. The only officer of the Political Department now posted to Bunder Abbas is a Vice-Consul (with the personal rank of Consul), who is also Assistant to the Political Resident at Bushire. In 1930-31 there was a provision for a Military Assistant Surgeon also. The Vice-Consul's post is held by an Assistant Surgeon, who gets a special pay of Rs. 300, sumptuary allowance of Rs. 100, and a customs compensatory allowance of Rs. 100. Further, it appears that the appointment of the Military Assistant Surgeon as Vice-Consul has necessitated the creation of a new post of sub-assistant surgeon on Rs. 300 per mensem.

The other establishments consist of three clerks costing Rs. 6,500 and escorts costing Rs. 5,100. The only other important provisions are Rs. 13,000 for the purchase and maintenance of a launch and Rs. 6,000 for office allowance.

The expenditure has varied as shown below :—

	1913-14.	1922-23.	1924-25.	1929-30.	1931-32.
Pay of officers
Pay of establishment
Allowances
Contingencies
Supplies and Services
Total

* Including Rs. 3,000 for compensation for depreciation of kranas and dollars which is now treated as allowances.

Compared with the actual expenditure of Rs. 59,100 in 1924-25, the 1931-32 provision of Rs. 55,900 shows a decrease of Rs. 3,200. Variations in the pay of officers, the provision of a new item for a sub-assistant surgeon in the current estimates, and larger expenditure on account of the customs compensatory allowance contributed to an increase of Rs. 5,800. On the other hand a drop of Rs. 2,100 in the provision for Supplies and Services and Contingencies, the absence of any necessity for the payment of compensation for the depreciation of krans and dollars, transfer of the central contract grant to the Bushire Residency budget and the fact that no provision has been made in the current budget for leave salary contributed to a decrease of Rs. 9,100.

(ii) *Proposals*.—The department proposes to abolish the launch costing .13. We approve. In the light of the actuals of 1929-30 it should be possible to save another .02 under allowances, compensations and contingencies and perhaps an additional .02 under escort charges. The total reduction should thus be about .17.

(10) *Bushire—Introductory*.—Owing to the strategic and political importance of the Gulf, a First Class Political Residency is maintained at Bushire. It controls the agencies and consulates in South Persia and the Persian Gulf. It has existed for over a century and a half, and played an important part in the politics of the Gulf when the British position in the Gulf Littoral was threatened by Russia and other powers. Portugal, Holland, France, Russia, Germany, Turkey and Oman have, at one stage or another, all been Great Britain's competitors for power and control over the Gulf.

Organisation.—In the 1931-32 estimates provision has been made for the following posts and emoluments :—

Designation.	Pay or scale of pay.	1931-32 provision.	Special pay.	House-rent allowance.	Customs compensatory allowance.	Sump- tuary allowance.	Lang- uage pay.	Convey- ance or motor car allow- ances..
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1. Resident ..	4,000	48,000	..	..	150	250	..	..
2. Secretary ..	600— 2,500	27,900	200	..	100	..	..	..
3. Under Secretary ..	600— 2,500		200	..	100	..	..	..
4. Treasury Officer ..	450— 490*	14,000	100	50	50	..	..	..
5. Registrar ..	500		100	50	50	..	..	..
6. Confidential Assis- tant ..	300	4,600	75	50	25	..	..	..
7. Interpreter ..	410	5,800	75	50	50	..	..	..
8. Surgeon ..	950	17,000	333/5/4	..	100	..	66/10/8	..
9. Assistant Surgeon	400	7,000	150	..	..	..	..	30

In 1930-31 there was one post of Personal Assistant on Rs. 200 per mensem; this has now been split into two, viz., a Confidential Assistant on Rs. 300 with a special pay of Rs. 75 and a Personal Assistant on Rs. 200 per mensem, the net result being the creation of a new post of a Confidential Assistant. In the course of a single year two officer's posts and four clerical posts were added†

* The officer in fact draws pay at Rs. 300 per mensem.

† Note.—These are adjusted figures.

The Secretary is also a Consul-incharge of the Consulate situated in the town of Bushire. Besides his secretarial duties he deputises for the Resident when the latter goes out on tour. The Under-Secretary is attached to the Residency, which is situated at Subzabad, eight miles from Bushire and is incharge of the confidential office. On ceremonial visits this officer acts as an *aide-de-camp* to the Resident. The Residency Surgeon is incharge of the medical establishments in the Gulf and is responsible for the general supervision of the quarantine arrangements and of the charitable dispensaries at Koweit, Bahrein and Muscat. The establishment of 19 consists of a Personal Assistant to the Resident, an Indian Agent, a Cypher Clerk, fifteen other clerks and a sub-assistant surgeon. In 1930-31 the establishment numbered only 14. The real increase is however by 4 and not by 5, as has just been explained.

Expenditure.—Of the total provision of 3.43 lakhs officers' pay absorbs 1.35 and the pay of establishments accounts for .65 (including Rs. 13,500 for escort charges). Among the other important provisions are Rs. 12,000 for travelling allowance, Rs. 3,000 for sumptuary allowance, Rs. 6,100 for house-rent and other allowances, Rs. 10,000 for customs compensatory allowance, Rs. 1,200 for entertainment allowance to the Residency Agent at Shargah, Rs. 7,300 for a launch, Rs. 30,800 for postage, etc., and Rs. 38,900 for office allowance. It may be mentioned that the total provision for office allowance in the 1930-31 budget was Rs. 27,400 as against Rs. 38,900 in the current year.

The following table shows the progress of expenditure :—

			1913-14.	1922-23.	1924-25.	1926-27.	1929-30.	1931-32.
Pay of officers	..	..	.93	1.35	1.70	1.37	1.23	1.35
Pay of establishment	..	..	.25	.34	.43	.44	.46	.65
Allowances	..	..	.08	.26	.39	.35	.31	.35
Supplies and Services	..	..	.02	4.59	.12	.11	.19	.07
Compensations.	..	..	..	..	..	..	.01	.01
Contingencies	..	..	1.19	.74	.47	.47	1.26	.90
Grants-in-aid	..	..	..	.01	.01	.01	.01	.01
Special charges or secret expenditure	..	..	.13	..	1.63	..	..	..
Total	..	..	2.60	7.29	4.75	2.75	3.47	3.43

We may draw particular attention to the growth under the first three items compared with 1929-30. Besides this 3.43 lakhs there is a provision of 1.20 lakhs for the hire of a "Despatch Vessel"; the expenditure on the service now performed by this vessel used to be met from and shown under Supplies and Services but is now shown as "miscellaneous other charges" and is not shown under "Bushire".

In 1924-25 the expenditure including that on "Works" was 4.87 lakhs. The apparent decrease of 1.44 is the net result of a gross increase of .74 counter balanced by a gross decrease of 2.19. The factors contributing to the gross increase and gross decrease are so numerous that we refrain from giving full details. We shall only summarise them.

The following new posts have been created; viz., Personal Assistant, Cypher Clerk, two other clerks, stenographer, and inferior establishments.

The Indian Agent and Sub-Assistant Surgeon have been given a higher status and pay. Escorts have been increased. Office allowances of certain subordinate agencies have been "centralised" and provided for in the Bushire grant, and the office allowance grant for Bushire itself has been raised, these two by themselves accounting for a little more than half the gross increase.

The fact that there was greater expenditure under head "Pay of Resident" in 1924-25, the posting of junior officers to the Residency in 1931-32, and the abolition of the posts of Assistant Secretary, Vice-Consul, Second Assistant, and one Assistant Surgeon counterbalanced by certain other newly created posts gave a net decrease of '35. The fact that the expenditure in 1924-25 of 1·63 lakhs on secret service and '12 on the Subzabad Mehdi road has no counterpart in 1931-32 accounts for most of the remaining gross decrease.

Proposals.—We cannot see the justification for the maintenance of three Medical Officers, viz., a Surgeon, an Assistant Surgeon and a non-gazetted Sub-Assistant Surgeon. Subzabad is reputed to be a healthy locality and we do not consider it justifiable to incur expenditure for the benefit of Persians when India herself is so much in need of more medical facilities. The department has decided to abolish the post of Sub-Assistant Surgeon. But, we think, the Surgeon's post should be abolished, saving '17 on pay and say '01 on allowances.

At a time of such acute financial stringency we cannot defend the manner in which the staff of this Residency has been allowed to grow—even 1931-32 witnessed some growth. We explain below in some detail what has been done; our proposals are justified by the mere fact that somehow the work could be carried on with a very much smaller staff till 1930-31.

Upto 1930-31 there was one gazetted post of Personal Assistant on Rs. 200 p. m. This has now given place to two, viz., a gazetted post of Confidential Assistant and a non-gazetted post of Personal Assistant on Rs. 200 p. m. The cost has thus gone up in 1931-32 by the full pay of the Confidential Assistant. This arrangement should be reversed, saving about '05.

Similarly, in place of a combined Registrar and Treasury Officer till 1930-31 there are, in the current year, two officers each holding a part of the combined charge. One post should be abolished, saving '07.

We presume that in the light of the actuals of 1929-30 and the budget of 1930-31 some saving—say Rs. 5,000—under leave salary for officers is also possible.

The establishment (including a Sub-Assistant Surgeon) which numbered only 9 in 1922-23 rose to 14 in 1930-31 and has again shot up to 18 plus a Personal Assistant. This appears to us to be unduly rapid growth. The progressive character of administration in Persia should lead to a gradual decrease and not increase of foreign consular establishments. We propose that the strength should be substantially curtailed and the expenditure on establishments be reduced from '654 to '457 (the actuals of 1929-30) saving '20.

Further, we find considerable scope for economy in the provision of '99 for Contingencies. We presume that Secret Service money is included in "office allowance". The previous amount of '30 for this purpose was large enough; in 1931-32 it was raised to '39, presumably because the office allowances of some of the subordinate officers have been centralised. We take it that the provision for the purchase of surgical instruments and appliances will not have to be repeated. A reduction of about Rs. 8,000 in all should be made in these and the other contingencies.

The total reduction of expenditure from our proposals above will be '64 lakh.

Despatch Vessel.—We may now deal with the despatch vessel for the Political Resident at Bushire for which a provision of 1·20 lakhs has been made in the 1931-32 estimates.

The assignment of a special despatch vessel for the use of this Residency dates from 1887. The annual maintenance alone used to cost a little over seven lakhs in the early post-war period. As a result of the 1922-23 retrenchment campaign it was decided to combine the duties of a despatch vessel and a lighting and buoying tender in one vessel, but the arrangement was found unworkable, especially because the Resident requires the despatch vessel at short notice. The services of a steamer belonging to the Indo-European Telegraph Department were secured at Rs. 2,000 per day. Consequent on the withdrawal of this Department from the Persian Gulf, this steamer is not now available for the Resident's tours. The department holds that "all the factors which made it in the past essential for the Resident to be able to move rapidly about the Persian Gulf and wait at any point of the coast during possibly protracted negotiations are still in operation and his work on the Arab Coast is indeed increasing in importance", and that the expenditure of 1·20 lakhs is inevitable and irreducible.

We have carefully considered the department's view but find ourselves unable to accept it. The reasons why the Resident cannot use His Majesty's vessels in the Gulf and, wherever possible, the Mail Service are by no means obvious to us. Secondly, we hold that it should be possible to send out (possibly with some cargo on the outward and the return journeys) one of the two steamers maintained for the Andamans service. So far as we can see, it is only a question of making arrangements in such a way as to meet the mutual convenience of the Resident and the Andamans administration. Thirdly, now that shipping is slack, it should be possible to get the rates appreciably reduced. We agree that a special despatch vessel at the Resident's disposal is bound to be more convenient to him. But, in our opinion an expenditure of 1·20 lakhs on the maintenance of a special despatch vessel is unduly high, especially at present. We have made some suggestions for its reduction, but we do not wish to be understood to make any definite recommendation other than that the expenditure should be reduced by one half.

(11) *Kerman.*—A consulate is maintained at Kerman not very far from the Afghanistan and the Baluchistan frontier.

A Consul (special pay Rs. 200 *plus* language allowance Rs. 150 and supplementary allowance of Rs. 200 p. m.) and an Attaché (pay Rs. 410) are the two

officers attached to the Consulate. A medical officer gets an allowance of Rs. 100 p. m. The two clerks' pay costs Rs. 4,500 and escorts cost Rs. 7,400. The only other important provision is Rs. 12,200 for office allowance.

Expenditure has varied as below :—

			1913-14.	1922-23.	1924-25.	1929-30.	1931-32.
Pay of officers	..	..	·19	·34	·33	·40	·35
Pay of establishment	..	..	·09	·18	·18	·12	·12
Allowances, etc.	..	..	·01	·11	·15*	·15	·09
Contingencies	..	..	·17	·18	·17	·16	·15
Total	..	..	·46	·81	·83	·83	·71

The net decrease of Rs. 11,287 was the result of a gross increase of Rs. 7,700 and a gross decrease of Rs. 19,000—both due to minor but typical reasons.

Proposal.—Staff and expenditure have not grown. But we consider that it should not be difficult to effect a reduction of about Rs. 1,000 under allowances and contingencies.

(12) *Koweit.*—This Political Agency was established in 1904. The importance of Koweit lies in the fact that it is a potential meeting place of sea-borne and other trade and was selected as the terminus of the German-projected Baghdad Railway. It also holds a peculiar position in the politics of Northern Arabia, particularly in British political relations with the rulers of the Hedjaz, Nejd and Iraq. The ruler of Jabal Shammar on the south-western flank of Mesopotamian Koweit is considered to be a potent factor in the politics of these States.

Besides a Political Agent (special pay Rs. 200, sumptuary allowance Rs. 100 p.m.), an Assistant Surgeon (pay Rs. 450 *plus* a special pay of Rs. 125) is maintained. Three clerks including a passport clerk cost Rs. 6,500. We should add that in 1922-23 there was only one clerk. The only other important items of expenditure are Rs. 2,500 for a launch and Rs. 6,900 for office allowance.

The expenditure has varied as below :—

			1913-14.	1922-23.	1924-25.	1929-30.	1931-32.
Pay of officers	..	..	·22	·17	·31	·28	·29
Pay of establishment	..	..	·07	·06	·04	·05	·06
Allowances	..	..	·01	·09	·08	·04	·03
Supplies and Services	..	..	·10	·12	·05	·04	·03
Contingencies	..	..	·10	·15	·13	·26	·14
			·50	·59	·61	·67	·55
Grants-in-aid etc.	..	..	·60	·60	..	·01	·01
Total	..	..	1·10	1·19	·61	·68	·56

*Includes ·05 for compensations now appearing as allowances.

The decrease of Rs. 4,985 compared with 1924-25 was the net result of an increase of Rs. 7,400 and a decrease of Rs. 12,000. The increase was caused by (i) the provision in the 1931-32 estimates of Rs. 2,000 for leave salary for officers, (ii) increase of Rs. 1,800 under postage and telegrams, (iii) Rs. 1,800 by the revision of pay of the establishments, and (iv) Rs. 1,800 by increments, passages and other minor reasons. The decrease of Rs. 12,000 was caused by variations in the pay of officers (Rs. 4,000), the disappearance of the provision for compensations for the depreciation of krans and dollars (Rs. 5,300) and decreased provisions for tour charges, office allowance, maintenance of beacon and launch, transfer of central contract grant, etc. (Rs. 2,700).

Proposals.—Considering the somewhat isolated situation of this agency we are not confident that it will be found practicable to carry on without a medical man attached to the Agency. But, we do not see why he must be of the status of an Assistant Surgeon. A selected Sub-Assistant Surgeon might perhaps suffice. We assume that our proposal will yield a saving of about .05 on pay and allowances.

The agency had one clerk in 1922-23; it has three now. One clerical post should be abolished and expenditure reduced to about the 1929-30 level, saving .02.

The contract grant for the maintenance of the launch, and the provisions of Rs. 6,900 for office allowance and Rs. 2,200 for the tour grant can be made to yield a saving of .01. Total saving .08.

(13) *Kermanshah and Lingah.*—The Kermanshah Consulate which cost .79 in 1924-25 was transferred from 1925-26 to the control of the British Foreign Office. The Vice-Consulate at Lingah was abolished in 1922, the Consul at Bunder-Abbas being made responsible for its work.

(14) *Shiraz.*—The total provision is Rs. 1,200; the gross cost is Rs. 2,400, but a deduction of Rs. 1,200 has been made for "probable savings". The provision is for a medical attendant on Rs. 100 p. m., a compounder, and two gardeners who work as care-takers. We presume that the real budget figures in the British estimates.

The following table shows that compared with 1924-25 the 1931-32 budget shows a decrease of about .05 due mostly to the fact that in 1931-32 there is no counter-part of the actual expenditure of Rs. 3,310 on "Works" and Rs. 800 on "Contingencies" in 1924-25.

				Actuals 1924-25.	Budget 1931-1932.	Increase + Decrease —
<i>Accounts II, etc.—</i>						
C-2—Pay of Establishments	..	..	..	1,943	1,100	—843
C-3—Allowances Honoraria, etc.	..	..	..	88	100	+12
C-7—Contingencies	..	..	..	800	..	—800
C-9—Works	..	..	..	3,310	..	—3,310
Total				6,141	1,200	—4,941

(15) *Persian Legation at Teheran*.—This Legation is under the direct control of His Majesty's Government. The estimates in the Indian budget constitute but a fraction of the expenditure on the Legation. The provision in the Indian budget is Rs. 1,400 for escorts' pay and Rs. 4,700 for house-rent and other allowances. Nearly 90 per cent. of the provision of Rs. 13 for contingencies is for postage and telegrams.

Proposals.—The only portion of the establishments of the Legation at Teheran for which provision is made in the Indian estimates appears to be the escorts, the provision being Rs. 1,400 for their pay. If the house-rent and other allowances be for the escorts, the provision of Rs. 4,700 is excessive. A provision of Rs. 13,000 for Contingencies is also unduly high.

The budget might be reduced by Rs. 4,100 to Rs. 15,000.

(16) *Khorasan*.—The Khorasan Consulate-General at Meshed in the north-eastern corner of Persia, not far from the Russian and the Afghan frontiers, is exceptionally well situated in relation to Russia and Afghanistan, which both maintain Consulates-General there.

A Consul-General (special pay Rs. 250, sumptuary allowance Rs. 500, conveyance allowance Rs. 100, customs compensatory allowances Rs. 100, an Indian Attaché (Rs. 400—20—500), three clerks and a wireless operator are maintained. Apart from the pay and allowances of the staff the only important provision is the unusually large provision of Rs. 31,300 for office allowance which presumably includes secret service money. The entire staff is provided with residential accommodation.

Medical work is entrusted to the American Mission.

Expenditure has varied as below :—

	1913-14.	1922-23.	1924-25.	1929-30.	1931-32.
Pay of officers	59	69	1.63	38	35
Pay of establishment	20	19		13	09
Allowances, etc.	10	09		20	16
Supplies and Services .. ..	..	..		01	01
Contingencies	54	44		41	35
Works .. ..	..	..		05	..
Total	1.43	1.41	1.63	1.18	.96

Transfer of the Vice-Consul's post to the Levant Consular Service, abolition of the post of Agency Surgeon (which it is now intended to revive) and transfer of sterling overseas pay to the High Commissioner's budget (·42), abolition of consular escorts (·09), less provision for depreciation of kranes (·09), abolition of medical establishments (·02) and decrease under contingencies (·08) resulted in a gross decrease of ·70, while increased provision for allowances added ·03 to the cost. The net result has been a decrease of ·67 as compared with 1924-25.

Proposals.—We approve the department's proposal to abolish the post of Wireless Operator, saving about Rs. 2,000 on pay and allowances and Rs. 500 on the maintenance of the wireless set.

Meshed is claimed to be an expensive place where the Consul-General has to keep pace with the Russian and Afghan representatives as regards entertainment. Even then we hold that the rate of sumptuary allowance, viz., Rs. 500 p. m. is unusually high. This should be reduced by more than the half which we have recommended in general. We assume a saving of Rs. 600 in addition to the saving of one-half which we have already recommended generally in paragraph 6 (b) above.

The office allowance of Rs. 31,300 is altogether disproportionate and should be reduced to 20. Total reduction Rs. 20,400 or say 20.

(17) *Seistan and Duzdap.*

(i) *Seistan*.—The Seistan Consulate under a Consul controls also the working of the Vice-Consulate at Birjand. The Assistant Surgeon (pay Rs. 400—500) attached to this Consulate is, *ex-officio*, Vice-Consul at Seistan itself; the department proposes to revert to the practice of appointing an I. M. S. officer to this post. The Vice-Consul at Birjand is a Sub-Assistant Surgeon. There is also a Confidential Extra Assistant of gazetted rank (pay Rs. 440—500). The Consul gets a special pay of Rs. 300 and sumptuary, language and customs compensatory allowances of Rs. 200, 100 and 125 respectively. Total Rs. 725. The Vice-Consul Seistan gets two special pays of Rs. 150 and 100 and a compensatory allowance of Rs. 50. The Vice-Consul of Birjand and the Extra Assistant also get special pays of Rs. 50 each and customs compensatory allowances of Rs. 10 and Rs. 50 respectively.

The establishments consist of four clerks, a Trade Agent, two Sub-Assistant Surgeons, a compounder, a dresser, and twelve dak and postal sowars. There are also provisions of Rs. 300 for a telegraph establishment, Rs. 600 for a special pay to the wireless operator, and Rs. 8,300 for escort charges.

Duzdap.—The Vice-Consulate at Duzdap was created in 1923-24 and since 1926-27 a trade agency is also maintained there. The Vice-Consul gets a special pay of Rs. 100, a sumptuary allowance of Rs. 150 and a customs compensatory allowance of Rs. 50. The establishments consist of a Trade Assistant, two clerks, two servants, a Sub-Assistant Surgeon, a compounder, a dresser, and guards for the Vice-Consulate.

The Duzdap Trade Agency is manned by a Trade Agent (Rs. 400), two clerks and four servants.

Expenditure—Seistan and Duzdap.—Apart from the pay of the establishments the important provisions are :—

Seistan.—Rs. 8,000 for travelling allowance, Rs. 2,500 for the maintenance of a lorry, Rs. 11,500 office allowance and Rs. 3,000 for “special charges” which, we presume, means, “or at least includes, secret service money”.

Duzdap Vice-Consulate.—Rs. 5,300 for office expenses and miscellaneous expenditure.

The following tables show how the expenditure on Seistan and Duzdap and the staff maintained there have grown.—

(a) *Expenditure.*

	1913-14.	1922-23.	1924-25.	1929-30.	1931-32.
Pay of officers ..	.41	.46	1.53	.61	.62
Pay of establishment ..	.30	.37		.44	.46
Allowances, etc. ..	.08	.13		.22	.21
Supplies and Services ..	.05	.03		.08	.08
Contingencies ..	.32	.21		.32	.27
Total ..	1.16	1.20	1.53	1.67	1.64

(b) *Staff.*

Officers ..	4	4	7	7
Clerical ..	27	26	15	14
Inferior ..			20	16

Compared with 1924-25 expenditure has grown by .11. This is the net result of a gross increase of .41 and a gross decrease of .30. The former was brought about as follows:—

(a) .16 by the creation of the Trade Agency at Duzdap in 1923-24, (b) .20 due to the posting of a senior officer and addition to, and revision of pay of, establishments and entertainment of guards for the Vice-Consulate at Duzdap, (c) Rs. 1,300 by the revision of pay of establishments, maintenance of the wireless set and increased provision for the maintenance of a motor lorry for the Seistan Consulate, (d) Rs. 3,246 by increased provision for allowances. It was counterbalanced to the extent of .16 by the transfer to the High Commissioner's budget of sterling overseas pay and by the posting of junior officers and of .14 by the decreased provision under other heads including depreciation (.09) of kranis.

(ii) *Proposals*—(a) *Seistan*.—Between 1922-23 and 1931-32 the number of officers has grown from 4 to 7 and of establishment from 26 to 30. Expenditure has naturally grown from 1.20 in 1922-23 to 1.64 in 1931-32. There is a clear case for reduction.

Since there is a Trade Assistant available at Duzdap, the Vice-Consulate at Duzdap dating from 1923-24 should be abolished, saving .41.

Again, at Seistan itself it should not be necessary to have both a part-time Vice-Consul—viz., the Agency (now Assistant) Surgeon, *ex-officio*,—and a full-time Consul. The provision of Rs. 1,200 for the payment of what in effect is a duty allowance to the medical officer at Seistan for work as a part-time Vice-Consul should be deleted. Further, we do not accept the department's view that this consulate should revert to the practice of having an I. M. S. Officer in charge of the medical arrangements at Seistan, Duzdap and Birjand. In our opinion the extra cost is out of proportion to the gain, if any, expected from the change of practice contemplated.

Other economies should also be effected so as to reduce the expenditure by at least .45 in the aggregate.

(b) *Duzdap*.—A Vice-Consulate was set up here in 1923-24 and, in addition, a trade agency in 1926-27. We understand that the Trade Agency does mainly "intelligence" and "passport" work, and that police work on the Duzdap-Nushki section of the railway is slight; we have been informed that the railway now ends at Kundi. The former work used to be done by the Baluchistan Agency's staff. *Prima facie* we see no reason why both these new establishments should be retained. We have proposed the abolition of the Vice-Consulate, Duzdap [see (a) above]; in this conclusion we are fortified by the fact that the railway now ends at Kundi and Duzdap is no longer of great importance. Here, we are content to recommend that the provision of Rs. 3,600 for secret service expenditure should be reduced by one-half. We cannot justify heavy secret service expenditure by an officer professedly maintained for trade purposes. The provision of Rs. 2,400 for the officer's leave salary will presumably not be needed. A reduction of at least Rs. 4,000 in the provision of Rs. 16,400 should thus be made in the 1932-33 budget.

(18) *Summary*.—On our retrenchment proposals for the period of transition the total reduction of expenditure will be 2·20 lakhs (against 2·19 in our skeleton scheme) *plus* ·60 on the despatch vessel=2·80 lakhs.

There will also be a genuine and permanent saving by halving, as proposed by us in paragraph 6 (b), the special pays and allowances and also by the department's proposal to recruit escorts locally. We are unable to estimate the amount, but we expect that it will be a substantial figure.

CHAPTER XIX.

KABUL LEGATION AND THE CONSULATES AT JALALABAD AND KANDAHAR.

(1) *Introductory*.—We shall now deal with Head D.—Other Diplomatic Charges—of Account II. This head is concerned entirely with His Britannic Majesty's Legation at Kabul established in 1923 and its subordinate Consulates at Jalalabad and Kandahar.

Afghanistan used to be in political relations with the Government of India, and a subsidy (which in 1913-14 was Rs. 19 lakhs) used to be paid to the Amir from Indian revenues. After the Third Afghan War (1919) followed by the Treaty of 1921, direct diplomatic relations were established between His Majesty's Government and Afghanistan, and relations with India except as a part of the British Empire as well as the subsidy came to a close. In fact, however, the entire expenditure on the Legation and the two Consulates is still charged to Indian revenues.

(2) *Organisation*.—(a) *Kabul Legation*.—The British Minister at Kabul is assisted by a Counsellor, a Secretary and an Oriental Secretary. A Surgeon is also attached to the Legation. The ministerial establishment comprises a Superintendent, a Second and a Third Clerk, a Mir Munshi, an Accountant, a Passport clerk, a Nazir, a Sub-Assistant Surgeon and other medical staff. A Garage Superintendent is also maintained. The 1930-31 estimates contained a provision of Rs. 5,100 for mounted orderlies; this provision has not been repeated in the 1931-32 estimates under pay of establishments.

The Minister gets a sumptuary allowance of Rs. 750 p.m., and the Oriental Secretary a sumptuary allowance of Rs. 300 p.m. For special pays and other allowances paragraph 5 (ii)(c) may be seen.

(b) *Jalalabad and Kandahar Consulates*.—For each Consulate a Consul, a clerk, a Sub-Assistant Surgeon and two servants are maintained. The Consul at Jalalabad gets a sumptuary allowance of Rs. 300 and his confrère at Kandahar Rs. 100 p.m.

(3) *Expenditure*.—(A) *Explanation of the grant*.—The 1931-32 total provision for the Legation and its subordinate Consulates is 4.09 lakhs including Rs. 5,000 for entertainment charges but excluding Rs. 8,500 for Kabul Refugees and State prisoners. A little over 75 per cent. of the total cost is incurred on the Kabul Legation itself.—

(i) *Kabul Legation*.—Of the total provision of 3.50 lakhs for the Kabul Legation, 1.19 represents the pay of the diplomatic officers and .56 is the provision for the pay of establishments including medical. Among the other noteworthy provisions are :—

- Rs. 12,600 for sumptuary allowance,
- Rs. 8,000 for house rent and other allowances,
- Rs. 39,000 for the purchase and upkeep of motor lorries,
- Rs. 1,100 a new item for the purchase and upkeep of motor cars,
- Rs. 9,700 for Legation and camp furniture, and
- Rs. 28,500 for office expenses and miscellaneous expenditure,

(ii) *Jalalabad and Kandahar Consulates.*—The noteworthy provisions for the Consulates are the sumptuary allowances mentioned above and a provision of Rs. 3,000 for initial furniture for the Kandahar Consulate. This presumably is a non-recurring provision.

(B) *Progress of expenditure.*—Up to the outbreak of the Third Afghan War in 1919 there was only one British representative in Afghanistan—an Indian Mohammadan—stationed at Kabul. He was assisted by one clerk and had an escort. The expenditure on the maintenance of this Agent and his staff was naturally small, the actuals of 1913-14 being Rs. 40,000 and the estimates for 1921-22 being 56 lakh.

The budget estimate for 1922-23 for the Legation was 5.26 lakhs and the total strength of the staff contemplated, including seven officers, was 36. In that year the actual expenditure excluding "Works" was 5.55. The actuals of 1929-30 are abnormal owing to the fact that the Legation had to be closed temporarily during the Afghan disturbances and remained closed until 1930-31. The following table, however, gives the figures for certain years.

		1922-23.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
<i>Kabul—</i>							
Pay of officers	.. ..	1.46	1.28	1.22	.28	1.16	1.19
Pay of Establishments	.. ..	.31	.61	.71	.38	.60	.56
Allowances	.. ..	.42	.32	.39	.36	.29	.27
Supplies and Services	.. ..	2.13	2.31	1.26	.60	1.00	.59
Contingencies	.. ..	1.23	1.26	1.51	.46	1.00	.90
Grants-in-aid	.. ..	..	..	.01	.71	.01	.01
Entertainment charges	.. ..	..	..	..	..	.05	.05
Works	.. ..	..	..	..	..	.71	..
		5.55	5.54*	5.10	2.80†	4.80*	3.55†
<i>Jalalabad</i>	.. ..	.09	.28	.25	.10	.02	.27
<i>Kandahar</i>	.. ..	.10	.24	.24	.10	.01	.28
Total for all	.. ..	5.74	6.06	5.59	3.00	4.83	4.09†

* Allowing for a deduction of .24 for establishment charges debited to Army estimates.

† Difference in totals due to rounding.

Compared with 1913-14 when the expenditure was only .40, it has undergone a revolutionary change. It jumped from .56, estimate for 1921-22, to 5.55 lakhs, actuals of 1922-23. The heavy increase was due to the establishment of the Legation and the two Consulates. There was, however, an offset to this expenditure in the discontinuance of the subsidy payable to the Amir. We may add that the 1922-23 actuals were the result of expenditure planned on a somewhat lavish scale, e.g., there was provision for a Rolls-Royce for the Minister.

The Inchcape Committee was informed that it was proposed to make reduction of .46 in the budget provision of 5.26 for 1922-23. It recommended that the question, whether a less expensive building for the Legation than the one estimated to cost sixteen lakhs would not suffice, should be considered. It will also be seen that the cost of the Legation has been going down, steadily, (year 1929-30 was abnormal).

(C) *Analysis of the progress of expenditure since 1924-25.*—Compared with the actuals of 1924-25, the 1931-32 provision shows a decrease of .75 lakh. This decrease is the net result of the following causes.

(i) The following items caused increased expenditure :—

	Rs.
(a) Special pay to the Garage Superintendent and the appointment of a clerk and a nazir	7,454
(b) Increased sumptuary allowance to the Minister, larger provision for house rent and other allowances. [For brief history see paragraph 5 (ii) (c)	3,715
(c) Increased provision for entertainment	1,000
(d) Increased provision under "Contingencies"	5,322
(e) Contribution for passages for military officers	600
(f) Revision of pay of hospital establishment and increased provision for medicines, etc.	4,700
(g) Increased sumptuary allowance, house rent, and contingent expenditure in the Jalalabad Consulate	4,344
(h) Provision for new furniture (Rs. 3,000) and increased contingent expenditure in the Kandahar Consulate. (Rs. 598)	3,598
Total Increase	30,733

(ii) On the other hand there was a decrease of expenditure on the following items :—

	Rs.
(a) Omission of the provision for Kabuli compensation allowance	15,890
(b) Reduction on purchase and upkeep of cars and horses mainly due to the abolition of the Consular guards	31,702
(c) Posting of junior officers and provision of sterling overseas pay in the High Commissioner's budget	28,925
(d) Reduction of expenditure under Rates, Rents, and Taxes owing to the construction of Government buildings for the Consulate	29,000
Total decrease	1,05,517

(iii) The net decrease is Rs. 74,784. But a good deal of the decrease under (ii) (c) is merely nominal and gives no relief to central revenues, since the money has to be found in any case.

(4) *Departmental offer*.—The Minister had at first provisionally agreed to make a definite reduction of $\cdot 30$ in his budget estimates for 1932-33. The department's actual offer to reduce the expenditure has, however, amounted to $\cdot 23$ lakh in the combined budget of the Legation and the two Consulates. The department has further explained that there will be additional receipts of Rs. 6,000 which formerly used to be accounted for as reduction of expenditure. The details of this reduction have, however, not been supplied to us.

(5) *Our proposals*.—We question India's liability to bear as she at present does the whole of the expenditure on the Kabul Legation and its subordinate consulates. Afghanistan now maintains direct diplomatic relations with His Majesty's Government. It is a matter of common knowledge that many European and Asiatic powers maintain their own diplomatic representatives at Kabul. Hence, we presume that even apart from the question of India, His Majesty's Government would maintain diplomatic relations with Afghanistan, which today occupies a more important position in international politics and trade than she did formerly. Great Britain should therefore bear her share of the cost of the Legation. We must admit the difficulty of assessing precisely the relative interests of Great Britain and India in Afghanistan. Our own inclination is to suggest that His Majesty's Government should be invited to undertake *at least* one-half of the total cost. For the present and as a modest beginning, however, we shall be content if they agree to contribute one-third of the cost of the Legation proper. As regards trade interests it is true that India is interested in the trade with Afghanistan. We are not, however, inclined to accept the view that the consulates at Jalalabad and Kandahar are maintained entirely or even mainly for the furtherance of trade between Afghanistan and India. We have had no evidence to show that their establishment has contributed to any increase in such trade. Our recommendation is that the consulates should be abolished altogether, and that in any case they should cease to be a burden on Indian Revenues.

While we proceed to examine the expenditure in some detail, we shall assume a reduction of expenditure by one-third, i.e., 1·18 from this proposal.

(ii) (a). Considering that a single representative of the Indian Government could carry on diplomatic relations with Afghanistan before the establishment of the Legation, the present staff of the Legation appears to us to be altogether excessive. When there is a Minister on a pay almost equal to that of a First Class Resident and he has a Secretary and an Oriental Secretary, we see no reason why there should also be a Counsellor. The provision of $\cdot 29$ for this post should be deleted.

(b) The provision for the pay of establishment was $\cdot 31$ in 1922-23; it is $\cdot 56$ now. This provision should be reduced [*vide* (c) below] to about $\cdot 45$ lakh; the additional $\cdot 14$ makes due allowance for revisions of pay and accrual of increments.

(c) The following table shows the scales of pay and the special pays for each member of the staff of the Legation and the Consulates. The current provisions are also mentioned so as to place the special pays against the background of the pay proper. It will be seen that out of the Rs. 3,710 p.m., Rs. 2,000 is payable to officers and the rest to the establishments. Considering

that there are sumptuary, house rent and other allowances still payable to various officers, we think that there is unusually large room for reduction of expenditure without any appreciable curtailment of the strength of the staff.

					Scale of pay.	1931-32 provision.	Special pay per mensem.
					Rs.	Rs.	Rs.
<i>Kabul Legation</i>							
1 Counsellor	..	..	..	..	500—2,250	29,000	500
1 Surgeon	..	..	..	..	1,100	18,000	400
1 Secretary	..	..	..	..	500—2,250	14,200	300
1 Oriental Secretary	..	..	..	..	600	12,000	400
<i>Establishment.</i>							
1 Superintendent	..	..	..	..	500—600	9,400	250—300
1 Third Clerk	..	..	..	..	150—200	5,100	225
1 Second Clerk	..	..	..	..	250—300	5,800	225
1 Mir Munshi	..	..	..	..	150—200	5,100	225
1 Accountant	..	..	..	..	150—200	5,100	225
1 Garage Superintendent	..	..	..	..	450—600	9,000	150
1 Passport Clerk	..	..	..	..	150—200	4,200	150
<i>Jalalabad Consulate.</i>							
1 Consul	..	..	..	..	600	9,600	200
1 Clerk	..	..	..	..	150—200	2,200	30
1 S. A. Surgeon	..	..	..	..	150	3,000	100
<i>Kandahar Consulate.</i>							
1 Consul	..	..	..	..	600	9,600	200
1 Clerk	..	..	..	..	150—200	2,200	30
1 S. A. Surgeon	..	..	..	..	150	3,000	100
Total					....	1,46,500	3,710

The Minister's sumptuary allowance used to be at the rate of Rs. 500 until it was raised in 1924 to Rs. 750 p.m., and again, as an experimental measure for three years, from 1928-29 to Rs. 1,000 p.m. On taking charge the present minister agreed to accept Rs. 750 p.m. on condition that it should be open to him to come up for a reconsideration of the rate. We propose that this allowance should be reduced to the pre-1924 figure of Rs. 500 p.m. The sumptuary allowance to the Oriental Secretary should be abolished.

As regards other special pays and allowances, we suggest a fresh scrutiny, but provisionally and pending the result of such scrutiny we recommend, as we have done in the case of the North-West Frontier Province, etc., that these special pays and allowances should be reduced by one-half.

(d) Although we recognise that the current provision for the courier's service is appreciably less than the budget estimates for 1930-31, we do not

see the need for such a large provision. We hope that the Department would see its way to substitute arrangements which would not involve such a heavy expenditure. While we recommend that this question should be scrutinised, we are not in a position to indicate the resultant savings.

(e) The budget should of course be reduced by the abolition of all non-recurring provisions, *e.g.* Rs. 3,000 for the initial furniture for the Kandahar Consulate.

On the specific proposals and suggestions made above and after making allowance for possible savings, we recommend that the budget for the Kabul Legation proper should be brought down by ·57 lakh, *i.e.*, to about 3·00 lakhs, out of which at least one-third should be borne by His Majesty's Government.

(6) *Summary.*—Our proposals will yield a saving of 2·10 lakhs (1·55 on the Kabul Legation and ·55 on the Consulates) in the Government of India's budget for 1932-33.

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CHAPTER XX.

OTHER POLITICAL EXPENDITURE.

We shall now deal with the rest of Account II—Other Expenditure Heads—and with Account III—Expenditure in England and Exchange.

(1) *Account II.*—The expenditure covered by Account II amounts to 48·62 lakhs and has varied as shown below :—

	1926-27. 1927-28. 1928-29. 1929-30. 1930-31. 1931-32.					
Allowances to Dera Ghazi Khan tribes	·13	·13	·13	·13	·13	·13
Charges of N. E. Frontier (Assam)	1·19	1·09	1·11	1·07	1·12	1·12
Expenditure in Persia	9·23	9·23	10·32	9·19	8·73	8·59
Other diplomatic charges	4·98	6·31	5·59	3·00	4·07	4·04
Political subsidies	3·06	3·09	3·07	3·09	3·07	3·07
Entertainment charges	·88	1·46	1·11	·41	·38	·40
Refugees, etc.	3·48	3·39	3·29	3·57	3·21	3·15
Special political expenditure	10·04	10·64	10·00	10·05	49·89	10·00
Indian States Forces	5·71	5·76	5·97	5·91	6·00	6·44
Works	2·31	1·33	1·68	2·99	3·57	4·18
Miscellaneous	7·48	10·91	6·85	9·39	8·25	7·49
Lighting and buoying in the Persian Gulf	—·15	..	..	..	..	..
Total	48·34	53·34	49·12	48·80	88·42	48·62

We have already dealt with charges on the North-East Frontier along with other political expenditure in Assam (*vide* Chapter XVII) and with diplomatic and consular services in (a) Persia and the Persian Gulf (*vide* Chapter XVIII) and (b) the Kabul Legation and its two subordinate Consulates at Jalalabad and Kandahar (*vide* Chapter XIX). We shall deal with (a) charges for organising Indian States Forces and (b) the Malwa and the Mewar Bhil Corps in Chapters XXI and XXII respectively.

In this chapter we shall deal with the remaining comparatively unimportant items.

(2) *Allowances to Dera Ghazi Khan Tribes.*—The provision is ·13 in the Punjab circle of Account. These allowances are paid to the tribes inhabiting the strip of country between Dera Ghazi Khan and Baluchistan. The amount used to be Ra. 10,000 till 1920, when it was raised to the present figure of ·13

lakh, presumably because of the unprecedented rise in the cost of living which had followed in the wake of the War.

These allowances are, in essence, an amalgam of payments for services rendered and tribal subsidies. The circumstances under which they are paid are, we suppose, similar to those in the case of the allowances paid from the North-West Frontier Province and Baluchistan "area" grants. We presume that the tribes would consider that the amounts are obligatory and irreducible. Besides, the total provision is small. Hence, although there is a colorable case for their reduction to at least the pre-1920 level on the ground of the fall in prices, we refrain from making any recommendation for reduction.

(3) *Political Subsidies*.—The provision for political subsidies in the "non-area" grant is 3·07, viz., Rs. 1,86,400 to the Sultan of Muscat, Rs. 1,00,000 to Bhutan State, Rs. 12,000 to Sikkim Durbar and Rs. 8,600 for subsidies to the Mirs of Hunza and Nagar and to the Chiefs and Governors of certain political districts in the Gilgit Political Agency. The amounts of the subsidies to Muscat, Bhutan and Sikkim are fixed. The expenditure on subsidies in the Gilgit Agency appears to be variable as shown by the following actuals :—

1926-27.	1927-28.	1928-29.	1929-30.
Rs.	Rs.	Rs.	Rs.
7,180	10,523	8,500	10,800

In view of the importance of respecting the Government of India's engagements we do not recommend any reduction. We might, however, point out the desirability of keeping these payments within defined limits.

As for the Muscat subsidy, we have dealt with it under our main proposal in Chapter XVIII, paragraph 6(a).

(4) *Entertainment charges*.—The 1931-32 provision is Rs. 39,600. These charges are essentially of a fluctuating nature, and are intended in most cases to meet the cost of firing salutes in connection with the visits of Indian chiefs and notabilities and on ceremonial occasions. Prior to the retrenchment of the army budget the firing of salutes was a service rendered gratuitously by the Army. Since the so-called "commercialisation" of the army budget the Army charges for these services. The balance is intended to provide for the entertainment of visitors to the agencies.

We are not aware of the principles on which the payments to the army for the firing of salutes were fixed or are determined. Since presumably no extra personnel has to be engaged, we suggest that only the direct extra cost involved to the army by this service should be charged. In this connection we may also refer to the general fall of prices of all commodities. Some reduction should thus be possible. We recognise that it is difficult to adduce precise reasons in favour of a particular figure. But taking everything into consideration we think it should not be difficult to reduce the provision by about -15 to -25. Under our proposal in Chapter XII, paragraph 14, the provision of Rs. 1,500 for expenditure on "entertainment" at Yatung will, of course, not be required.

(5) *Refugees and State Prisoners*.—The amount provided in the 1931-32 estimates is 3·15 lakhs. A considerable portion of this provision is for ex-

penditure in connection with the late Ex-Amir Ayub Khan and his descendants and their dependents. The following table shows the details.—

	Rs.
<i>India.</i> —	
Burmese Princes	3,100
<i>Bengal.</i> —	
Kabul refugees and State Prisoners	25,800
<i>Madras.</i> —	
Chitrali detainee	600
Mapillas and other prisoners	24,000
<i>Bombay.</i> —	
Kabul refugees and State prisoners	9,300
Special allowance to the late <i>ex</i> -king Thebaw's family	2,400
<i>United Provinces.</i> —	
Charges in connection with the late <i>ex</i> -Amir of Afghanistan	31,200
Allowance to Afghan refugees from Kabul	50,300
Allowance to other State prisoners	9,700
Afghan Refugees deported from Persia	29,300
<i>Punjab.</i> —	
Allowances to Sardar Ayub Khan's family and followers.. .. .	30,500
House rent for Sardar Ayub Khan's family	2,900
Educational allowances	1,300
Allowances to Afghan Refugees from Kabul	5,900
Allowances to Sardar Abdur Rehman Khan and his followers	29,300
House rent, etc., for Sardar Abdur Rehman Khan and his followers	4,900
Education allowance	2,800
<i>Burma.</i> —	
Refugees and State prisoners	51,400
	<hr/>
	3,14,700

We consider that broadly speaking this expenditure is more or less obligatory. We have therefore no reduction to suggest.

(6) *Special Political expenditure.*—The only provision in the 1931-32 budget is for the annual present of ten lakhs to the Government of Nepal. We observe, however, that the revised estimates for 1930-31 included an extra provision of 39·89 lakhs for other special political expenditure. We have no proposal to make in regard to the annual present to the Government of Nepal.

(7) *Works.*—The total provision is 4·18 lakhs, *viz.*,

	Rs.
Gyantse	11,800
Gyantse (new item)	33,700
Gwalior	20,000
Mysore	16,000
Yatung	3,600
Yatung (new item)	2,000
Mewar	3,400
Kerman	800
Madras Circle	27,100
Punjab	3,00,000
	<hr/>
	4,18,400

A sum of three lakhs represents a portion of the non-recurring outlay on the construction of buildings for the Punjab States Agency at Lahore. The balance is for expenditure on minor works connected with the various "non-areas" agencies and residencies.

As regards agency buildings at Lahore, we have already stated that some provision will be needed in 1932-33 to complete the construction of the agency buildings and that such provision as may be found necessary may be treated as additional to the budget proposed by us for that agency. Since we do not know the extra amount that will be needed in 1932-33 we have assumed, subject to what has been stated above, a reduction of 3·00 on this account. In addition, under our proposals in Chapter XII, paragraph 14, the whole of the provision for Works in Gyantse (·46) and Yatung (·06) will disappear, saving ·52. Total saving 3·52 lakhs.

(8) *Miscellaneous*.—(a) Malwa Bhil Corps (K·1) and Mewar Bhil Corps (K·2) will be dealt with in a separate chapter.

(b) K·3 is a provision of ·55 for Secret Service money at the disposal of His Excellency the Viceroy. While we do not definitely propose any reduction in this amount, it might be suggested to His Excellency the Viceroy that he might perhaps find it feasible to effect a ten per cent. reduction, leaving the future provision at ·50

(c) Under K·4 provisions have been made for the following :—

India.—	Rs.
Share of salary of the clerk in the Addis Ababa Consulate	800
(ii) Payment of customs duty on arms and ordnance stores supplied to Indian States (Gwalior Rs. 2,000, Mysore Rs. 1,500 and the independent state of Nepal Rs. 4,100)	7,600
(iii) Education of Bhutan boys	5,000
(iv) Education of students from Nepal	4,000
(v) Hire of despatch vessel for the Political Resident, Bushire ..	1,20,000
(vi) Purchase and repair of Insignia of India Orders	15,000
(vii) Miscellaneous	1,000
(viii) Protector of British Indian Pilgrims in Iraq	7,800
<i>Bengal.</i> —	
(ix) For protector of Pilgrims and his establishment at Calcutta ..	8,500
(x) Other expenses	7,100
<i>Madras.</i> —	
(xi) Miscellaneous Political charges on establishments, etc., in Madras ..	32,700
<i>Bombay.</i> —	
(xii) Protector of Pilgrims at Bombay and Karachi and their establishments	53,200
<i>United Provinces.</i> —	
(xiii) Demarcation of boundaries between British territory and Indian States and other expenses	1,100
<i>Punjab.</i> —	
(xiv) Khilats to Indian Chiefs on succession	2,000
(xv) Demarcation of boundaries between British territory and Indian States	1,000
(xvi) Rewards for Political Services	1,900
(xvii) Customs duty on arms and ordnance Stores supplied to Indian States under the Kashmir Residency (10,000), the Punjab States Agency (11,000) and the Punjab Government (1,000)	22,000
<i>Burma.</i> —	
(xviii) Grants to Karenni States for educational and medical purposes	13,500
The department states that these were prompted by political considerations.	
(xix) Compensation to Yunnan Government in trans-frontier cases ..	400
<i>Bihar and Orissa.</i> —	
(xx) Demarcation of the Nepal Border	7,000
<i>Assam.</i> —	
(xxi) Expenses including those of the demarcation of the Bhutan border	31,300
	<u>3,42,900</u>

We have no proposals to make regarding items (i), (ii), (iii), (iv), (viii), (ix), (x), (xi), (xii), (xiv), (xv) (xvi), (xvii), (xix) and (xx) except that savings offered by the department viz., .07 lakh under (xx) may be accepted.

The provisions for items (vi), (vii), (xi) and (xvi) should be reduced by ten per cent. saving .05 lakh.

As regards item (v) we have already proposed, *vide* paragraph 6 (a) of chapter (xviii), that this and other similar expenditure in Persia and the Gulf Littoral and elsewhere should be borne by the British exchequer and that pending negotiations with His Majesty's Government the expenditure should be reduced from 1.20 to about .60 ; saving .60. We have taken 1.20 into our calculation of savings under our main proposal ; hence, we leave the saving of .60 from our subsidiary proposal out of account.

As regards item No. (xxi), our recommendation [*vide* paragraph 3 (vi) of Chapter XVII] will reduce the provision for 1932-33 by .20.

On our proposals the expenditure will be reduced by .32.

(9) *Account III*.—Account III covers 12.76 lakhs for (i) leave and deputation salary (6.40), (ii) Stores (.20) and (iii) other charges (6.16).

There might be some reduction of expenditure from the provisions for leave and deputation salaries payable in England. But we have not the necessary detailed information and are not in a position to estimate it.

As regards the provision of .20 for Stores, we consider that a reduction of expenditure by .01 in the light of actual expenditure in the past is feasible.

As regards the provision of 6.16 lakhs for " Other charges", we presume that the contribution from Indian revenues towards the maintenance of diplomatic and consular establishments in China is met out of this grant. We have been informed that the Retrenchment Committee appointed by the Secretary of State himself in 1931 under the chairmanship of Sir Henry Wheeler has already recommended that " efforts should be made to secure the discontinuance of the Indian contribution ". In our opinion the same principle should be applied to other contributions (if any) from Indian revenues towards the maintenance of diplomatic and consular representation in other countries. (In this connection we may invite attention to what we have stated in the case of Persia and the Persian Gulf Littoral.) Since we do not know the total amount of such contributions, we are not in a position to estimate the resultant saving.

As regards the rest of the expenditure under " other charges " we recommend that it should be subjected to a cut of 25 per cent., this being the rate of cut which we have applied to grant No. 86-Expenditure in England—Secretary of State for India.

On our proposal the immediate reduction of expenditure should be £12,000 plus 1.14 lakhs=2.75 lakhs.

This saving was not included in the skeleton scheme supplied to the Finance Department. The reason was that we were not aware that India's contributions towards the maintenance of diplomatic and consular establishments were met out of the provision for other charges.

CHAPTER XXI.

INDIAN STATE FORCES. (6.44 LAKHS.)

(1) *Introductory.*—The history of this advisory and inspecting organisation goes back to the inception of the Imperial Service Troops Scheme, when the important Indian States were permitted to maintain specified units of the forces, that they could maintain under their treaties, for service with the Indian army.

A staff of military officers and some establishment are maintained at a cost of 6.44 lakhs for the purpose of giving advice and help to Indian States in the training and administration of their forces and for their inspection. The objectives are said to be to ensure that (i) the States forces are kept "in such a state of efficiency, good discipline and contentment that they shall not become a menace to the States themselves or to Government", and (ii) their training and organisation are on the same level as those of the regular army.

The sanctioned strength of such forces supervised by this organisation is :—

Artillery 1,432 (Technical), Cavalry 9,262, Infantry 28,882, Camel Corps 466, Motor Machine Gun Section 75 (Technical), Sappers and Miners 1,807 (Technical), Transport Corps, 1,660. Total 43,084.

(2) *Organisation.*—(i) The sanctioned strength is 27 officers, viz.,

(a) For the whole of India :—

Military Adviser-in-Chief and his staff officer at the headquarters of the Government of India.

2 Technical Advisers for Weapon Training.

1 Technical Adviser for Signalling.

1 Assistant Military Adviser, Sappers and Miners.

1 Military Adviser for Camel Corps.

2 Military Advisers for Artillery.

(b) for particular areas :—

3 Special Service officers in Gilgit, one for Artillery and 2 for Infantry.

4 Military Advisers in the Punjab Circle, out of which one post of Assistant Military Adviser is kept vacant, because the Patiala and Kashmir Darbars employ lent officers.

3 Military Advisers in the Rajputana Circle.

3 Military Advisers in the Central India Circle.

1 Assistant Military Adviser in the Gujerat Circle.

2 Military Advisers in the Kathiawar Circle.

2 Military Advisers in the Southern India Circle, out of which one post of Assistant Military Adviser has hitherto been kept vacant. It was proposed to fill it up with effect from the 15th August 1931 as the Hyderabad State Forces are in process of reorganisation.

(ii) The officers receive the same pay as regular officers employed with the regiments except that in lieu of the Indian Army Allowance they draw fixed 'additional pay' including the Indian Army Allowance. The additional pay is Rs. 500 per mensem for Military Advisers and Staff Officer to the Military Adviser-in-Chief and Rs. 300 per mensem for Assistant Military Advisers. The Military Adviser-in-Chief however gets a fixed pay according to his rank.

(iii) The ministerial and inferior establishments number 42 and 8 respectively.

(3) *Expenditure* :—

(a) Of the 6.44 lakhs provided for this organisation officers' pay absorbs 4.35, while the pay of establishments accounts for .59. Among the other important items of cost are :—

(i) Travelling allowance (including a new item of .03)	..	..	.83
(ii) House rent, etc., allowance (including a new item of Rs. 400)	..	..	.204
(iii) School for Senior Officers	..	..	.04
(iv) Passage contributions to the Army	..	..	.17

(b) The table below shows how the expenditure has been growing yearly almost without interruption :—

	1922- 23.	1924- 25.	1925- 26.	1926- 27.	1927- 28.	1928- 29.	1929- 30.	1930- 31.	1931- 32.
Pay of officers	.. 3.13	3.34	3.60	4.02	3.86	3.99	3.94	3.96	4.35
Pay of establishment	.. .32	.33	.36	.40	.45	.49	.51	.54	.59
Allowances	.. .59	.76	.93	.87	.91	.98	.98	1.02	1.03
Contingencies	.. .19	.18	.20	.20	.23	.27	.29	.29	.26
Senior Officers' School	.. ..	..	..	..	.02	.06	.03	.03	.04
Grants-in-aid	.. ..	..	..	..	.29	.18	.15	.16	.17
Total	.. 4.23	4.61	5.09	5.49	5.76	5.97	5.90	6.00	6.44

It will be noticed that the 1931-32 provision is over half a lakh in excess of the actuals of 1929-30, and that most of the growth is in the provision for the pay of officers.

(c) The growth of 1.83 lakhs compared with the actuals of 1924-25 was caused by :—

(i) Revision of officers' pay and increase of three in their number (Rs. 1,00,281).

(ii) Revision of pay and increase in establishments (Rs. 26,318).

(iii) Larger provision under 'allowances' necessitated by the increase in the numbers of officers and establishments.

(iv) Passage contributions payable to the Army Department.

(v) Provision for training of senior officers of the Indian State Forces (Rs. 4,000).

(vi) Increased provision under 'contingencies' due to increased strength of officers and establishments (Rs. 7,867).

(4) *Inchcape proposals*.—The Inchcape Committee was informed by the department that the Indian State Forces were “ of much value and had been taken into account in determining the strength of the regular forces ”; it made no recommendation. We may, however, point out that appreciable reductions were, all the same, made in the expenditure, the actuals of 1922-23 and 1924-25 being 4.23 and 4.61 lakhs respectively against 5.09 estimated for 1922-23.

(5) *Departmental proposals*.—The department has offered a reduction of 1.11 lakhs. The main item in its retrenchment scheme is the proposed abolition of six posts of officers, *viz.*, three Special Service Officers in Gilgit, the two Technical Advisers on Weapon training and one Assistant Military Adviser in Kathiawar.

(6) *Our proposals*.—We appreciate this offer, but are constrained to observe, that the principle on which it is based leaves the entire policy underlying this organisation untouched. We have given our careful attention to three main questions, *viz.*, (i) whether this expenditure is a legitimate charge on the ‘ Political ’ estimates, (ii) whether the entire expenditure should fall on the central revenues and (iii) whether the advisory and inspecting duties of this organisation could and should be performed, efficiently and without any serious objection, by deputing officers from the regular army at intervals.

(i) As regards the first question, we observe that the charge was borne by political estimates even before the retrenchment campaign of 1922-23. Further, we must concede that the question, relating as it does to the Indian States, is to some extent of a political character. We are not, however, disposed to agree that the keeping of the peace inside the borders of the State concerned is the real primary objective ; we rather think that the maintenance of an efficient auxiliary force to co-operate with the regular Indian army in time of need is the principal object in view. This indeed is the real origin of the Imperial Service Troops Scheme. We also invite attention to the department's view quoted in paragraph (4) above. The department admits that the maintenance of these forces has saved Government the expense of providing additional regular troops. On a balance of the political and the army aspects of this question our view is that this organisation is being maintained as a part of the Imperial Indian army, and we therefore think that the entire cost should be charged to the Army Estimates. Our proposal will not, *ipso facto*, involve a reduction of expenditure. But if the Army has to find the cost within its own budget, we feel that the tendency to allow the expenditure to grow will be kept under check. In support of our contention we may cite the fact that while the army budget has not grown during the septennium 1924-25 to 1931-32 the estimated expenditure on this organisation has increased by over 50 per cent. on the actuals (*viz.*, 4.23 of 1922-23). Incidentally we may point out that both political and army estimates are non-voted and therefore the usual objection to a proposal to show genuine military expenditure under the army estimates, *viz.*, that the proposal would convert votable into non-votable expenditure and would thus be a retrograde step from the point of view of India's constitutional evolution, is not applicable to our proposal in this case.

(ii) On the second question we note that the department holds that since the Indian Government maintain this organisation for their own purposes and have always met its cost from their own revenues, it will not be practicable

politics to invite the States concerned to bear or share the cost. The argument which relies merely on past practice does not sound convincing to us. We also question the proposition that this organisation is maintained entirely for Government's own purposes. It is true that the objectives aimed at are partly the Government of India's own purposes. But, the Imperial Service Troops Scheme was welcomed by the States, inasmuch as it enabled them to train specified units of their forces to a high level of efficiency and to maintain such level. It cannot reasonably be denied that such training and frequent advice must enable the States to keep their own internal peace and security better than if their forces were left without the training. Besides, the scheme satisfied the *amour propre* and enhanced the dignity of the States concerned. These are all cogent reasons for claiming at least a share of the cost from the States. But since the entire constitutional issue of the Indian Government's relations with the states including their mutual financial obligations is at present in the "melting pot" and no very large amount is involved, we propose that this question should be brought to the notice of the various authorities (including special committees of enquiry) interested in it, and that otherwise the existing position might be left unaltered for the present.

(iii) On the last main issue we may first explain the department's view. It holds that "the chief function of this organisation is to advise and assist the States in the training and administration of their forces and that inspection is an incidental and secondary role. The standard of education and efficiency of the officers of the States forces being low, they require considerable assistance which must be given continuously. The officers of the Advisory staff cannot, however, command nor insist that their advice must be followed. The fact, that in most cases their advice is followed and improvement effected, is solely due to their obtaining the trust and confidence of the *darbar* officials and troops as a result of close and personal relations with them. Such relations could not be established by officers of the regular army periodically detailed to inspect and necessarily chosen fortuitously. Apart from training there is a considerable amount of administrative work continuous throughout the year for the performance of which local offices of Military Advisers must exist. A yet more insurmountable obstacle to the proposal is the insistence of the States on their right to the absolute control of their own forces and their consequent resistance to any suggestion that the supervision of these forces should in any degree be vested in Army Headquarters. Their attitude on this subject can be seen in almost any of the proceedings and discussions which have taken place when the organisation of the Imperial Service Troops or Indian States Forces has been under consideration."

We have given our very careful consideration to these pleas, but they fail to satisfy us. The deputation of officers from the regular army, at intervals, for advisory and inspecting duties does not, by any means, place the States forces under the Army Department, nor does it place the States in direct relations with the Army Department in this respect. Even at present the officers do in fact belong to the army and do not sever their connection with it. In a sense, they are "seconded" from the army for advisory and inspecting duties. The line of demarcation between this and periodical deputation is very thin indeed and for practical purposes can be ignored. An obvious way

to eliminate any reasonable ground for suspicion on the part of the States is to declare the policy in this respect in clear terms and to depute the same officers for a number of visits. The only difference which the adoption of this suggestion of ours would make is that the need for a permanent special staff would be obviated. The States too will stand to gain by getting the services of men with fresh army experience. The present scale of central expenditure has to be met out of taxation and other measures, some of which effect the Indian States almost to the same extent as British India. We therefore presume that if the position is clearly explained to them, they will not reject a suggestion whereby substantial economy is effected without prejudicing their position *vis-a-vis* their own forces. We of course assume that the functions of the advisory and inspecting officers and their relations with the States forces would remain what they are and would not give them any authority to 'command or insist that their advice must be followed.'

Further, we think that the officers of the Indian State Forces should be given frequent opportunities of visiting Indian Army units and of receiving advice if they so choose. This plan has the obvious advantage that while the state Officers get such advice as they need, there will be no ground for the States to suspect any insidious encroachment on their own rights and privileges.

The fact that a certain number of officers will be trained in the proposed Military College for service with the States forces also strengthens our view that the present strength of this organisation need not be maintained. The adoption of our suggestion will enable the present permanent advisory and inspecting organisation to be abolished or at any rate appreciably curtailed. While the aim we have in view is the extinction of this expenditure, we shall, for our present purpose, assume a reduction of only $\frac{2}{3}$. Even then, the provision will be 2.15 lakhs *i.e.*, a little over half the actual expenditure of 1922-23. In the light of the important changes of policy in regard to the army, that have taken place since then, we consider that this reduced provision will not be found inadequate for the efficient discharge of advisory and inspecting functions in relation to States forces in accordance with our scheme.

(7) *Summary.*—On our proposals the civil estimates will be reduced by 6.44 lakhs and the relief to central revenues will be 4.29 lakhs. Our calculation of savings will include 4.29 and not 6.44.

CHAPTER XXII.

MALWA BHIL CORPS AND MEWAR BHIL CORPS.

A.—*Malwa Bhil Corps.*

(1) *Introductory.*—This Corps is a semi-military force raised originally with the two-fold object of (i) finding some employment for the Bhils of Malwa and thus ensuring their own and their kinsmen's good behaviour and (ii) bringing about peace and internal security in Central India, which at that time had a degree of notoriety for general lawlessness.

As in the case of the Mina Corps and the Mewar Bhil Corps, the Malwa Bhil Corps was originally expected to be self-supporting with contributions levied from the states concerned. The following states contribute towards the gross cost (1·23 lakhs) of the Corps :—

	Rs.
(i) Indore	7,862*
(ii) Dhar State	12,000*
(iii) Dewas State, Senior and Junior branches	28,475
(iv) Dhar State	6,602
(v) Barwani State	3,890
(vi) Alirajpur	1,271
(vii) Jhabua	1,271
Total ..	61,371

* These amounts represent the annual interest of capitalised contributions at 4 and 5 per cent. respectively. In all the remaining cases the payments are made annually.

The net cost to the central revenues is thus just about a half.

(2) *Organisation.*—The Corps has a strength of 320 ranks and is under a Commandant on a pay of Rs. 1 005 plus additional pay Rs. 400. There is a provision of Rs. 600 for the payment of Rs. 50 per mensem to the Chief Medical Officer (i.e., the Residency Surgeon) for the supervision of medical and sanitary arrangements. Two clerks, two school masters and a sub-assistant surgeon (who, besides his pay, gets a medical charge allowance of Rs. 25 per mensem) are maintained.

(3) *Expenditure.*—As should be expected, nearly one half of the total cost is on account of the pay of the ranks. Among the other important provisions are Rs. 18,000 for grain compensation allowance, Rs. 7,200 for house-rent and other allowances, Rs. 3,200 for kit money to recruits, Rs. 6,000 for ordnance stores, Rs. 2,200 for the free supply of firewood (a new item) and Rs. 300 (a new item) for payment to the Army Department in respect of the inspection of arms in the possession of this Corps.

The table below shows that expenditure has remained fairly constant since the last retrenchment campaign.

	1913-14.	1922-23.	1924-25.	1926-27.	1927-28.	1928-29.	1929-30.	1931-32.
Pay of officers	·21	·17	..	·23	·22	·14	·14	·19
Pay of establish- ment.	·79	·93		·51	·51	·51	·58	·59
Grain Compens- ation allow- ances.	·41	·67	1·19	·19	·19	·17	·19	·18
Other charges..				·32	·27	·31	·22	·26
Payment in res- pect of inspec- tion of arms.	..	..	..	..	..	..	..	·003
Total	1·41	1·77	1·19	1·25	1·19	1·13	1·13	1·22

The following factors contributed to an increase of ·16 in the expenditure compared with the actuals of 1924-25.

	Ra.
Revision of pay of staff	.. .. 8,000
Increased provision under Kit money to recruits	.. .. 2,600
Free supply of firewood	.. .. 2,200
Increments to staff and leave salary	2,900
Inspection of arms by the Army Department.	300
Total	16,000

On the other hand, there was a decrease of ·125 due to decreased provision for ordnance stores (·10), for grain compensation allowance (Rs. 1,000), and under probable savings (Rs. 1,500).

(4) *Inchcape and departmental proposals.*—The Inchcape Committee was given to understand that the budget of the Malwa Bhil Corps would be reduced to 1·11 and its net cost to central revenues would be ·57.

The department has offered to reduce the expenditure by ·11 lakh i.e., to 1·12. But we do not know the details.

For our proposals see paragraph (9) below.

B.—Mewar Bhil Corps.

(5) *Introductory.*—Like the Malwa Bhil Corps the Mewar Bhil Corps was also raised with the double object of (a) providing employment for the Bhils and thus ensuring the good behaviour of the employees and their kinsmen and (b) policing the difficult hill country in and about Mewar. The Corps also performs guard duties at the Udaipur Residency, Mount Abu and Neemuch in addition to local duties at Kherwara and Kotra. An additional objective (no longer operative to the same extent) was to afford to British political officers protection in the areas concerned in cases of difference with the States, which in those days frequently led to conflicts.

The Corps was raised in 1840 and in 1841 the Mewar Durbar agreed to pay Rs. 50,000 annually towards its upkeep. But in 1883 an arrangement was made whereby the revenues of the Mewar villages in Merwara were accepted in full discharge of the contribution due from the Durbar towards the Mewar Bhil Corps, the late Merwara battalion and the cost of administration of the district of Merwara itself. At the same time an undertaking was given to the State that if the revenues from the district at any time exceeded Rs. 66,000 per annum, the surplus would be handed over to the Durbar. The department's view is that so long as the existing arrangement continues, the arrangements of 1883 are binding on the British Indian Government and that the Mewar Durbar cannot be asked to make any additional contribution towards the maintenance of the Corps.

(6) *Organisation*.—The strength of the Corps is 633 ranks. The commanding staff consists of a Commandant (pay Rs. 1,225 plus allowances aggregating Rs. 625), an Assistant Commandant (pay Rs. 665 plus allowances Rs. 420) and an Adjutant (pay Rs. 915 plus allowances Rs. 390). A medical charge allowance of Rs. 100 per mensem is also paid—presumably to the Residency Surgeon at Udaipur. The other establishments consist of a Head clerk, an Accounts clerk, two school masters, thirteen bhishtis, lashkars and cooks and seven mate bearers and bearers.

Until recently regular military officers used to be appointed to the Corps for a period of five years. Now-a-days, owing to the paucity of such officers, officers of the Army in India Reserve are appointed to some posts. The rates of pay are the same as for military officers in regimental employ except that in lieu of the Indian Army Allowance they draw fixed rates of staff pay, viz., Commandant Rs. 460 per mensem, Assistant Rs. 250 per mensem and Adjutant Rs. 200 per mensem.

(7) *Expenditure*.—The total provision is 2.32 lakhs including Rs. 3,400 for "Works". Of the 2.29 lakhs officers' pay absorbs .52 and establishments' pay accounts for 1.20 lakhs. The other important provisions are .19 for grain compensation allowance, .18 for house-rent and other allowances, .03 for kit money to recruits and .06 for ordnance stores. The new items in the 1931-32 estimates are an additional Rs. 100 for grain compensation allowance, Rs. 800 for the employment of sweepers and Rs. 300 for payment to the Army for the inspection of arms in the possession of the Corps.

The following table shews the progress of expenditure :—

	1913-14.	1922-23.	1924-25.	1926-27.	1927-28.	1928-29.	1929-30.	1931-32.
Pay of officers..	.27	.33		.48	.44	.46	.54	.52
Pay of establishments.	.96	.92		1.01	1.01	1.03	1.19	1.20
Grain compensation allowance.			2.06	.17	.19	.19	.22	.19
Other charges..	.51	.52		.67	.63	.59	.41	.37
Grants-in-aid				..	..	.05	..	.01
Total ..	1.74	1.87	2.06	2.33	2.27	2.32	2.36	2.29*

* Excludes Rs. 3,400 on account of works.

Although the Inchoape Committee contemplated a budget of 1·80 lakhs for this Corps [vide (8) infra], the actual expenditure in 1924 was 2·06 lakhs. The increase of Rs. 26,560 compared with the actuals of 1924-25 was the net result of a gross increase of '38 counterbalanced by a gross decrease of '11. The following factors contributed to the gross increase :—

	Rs.
Revision of officers' pay and contribution for passages ..	17,235
Revision of establishments' pay	19,150
Payment to the Army Department for the inspection of arms	300
Entertainment of sweepers	800

The factors contributing to the gross decrease were a decrease of Rs. 3,471 under grain compensation allowance and a reduction of Rs. 7,504 in the provision for Contingencies.

(8) *Inchoape and departmental proposals*.—The 1932-23 estimate for this Corps was 1·98 lakhs. The Inchoape Committee was informed that it was proposed to effect a reduction in the strength of the Corps, saving '18. The budget contemplated by the Inchoape Committee was thus 1·80 set off by revenues of '60.

The department has offered a reduction of '23 principally by the reduction of a portion of the establishments.

(9) *Our proposals*.—In dealing with the expenditure on the Malwa and the Mewar Bhil Corps we have given our careful attention to two questions, viz., (a) whether the time is now ripe for the disbandment or reduction of these corps or of either of them, and (b) whether central civil estimates should bear the entire net cost of both or either.

(a) From the brief descriptions given in paragraphs 1 and 5 it will be seen, that the original purposes for which these and similar forces (e.g., the Mins Corps, the Merwara Battalion, the Hyderabad Frontier Chowkidari Force, etc.) were raised were to insure some measure of peace and security and to provide employment for Bhil and similar races in Malwa, Central India and portions of Rajputana including Mewar as a guarantee for their good behaviour in this hilly country. In this connection we may refer to the state of anarchy into which Central India had fallen on the decline of the Mogul power. The marauding raids of *Pindaris* and other similar bands and the general insecurity of life and property to which the *Thugs* made their peculiar contribution were a menace, against which special measures had to be taken in the first half of the last century. During the last hundred years, however, the complexion of the problem has changed materially owing to the development of railways, roads, posts and telegraphs and other communications and of agriculture, irrigation and industries, the better organisation of the States in Central India and Rajputana and their greater expenditure on the maintenance of the various agencies for the preservation of law and order. Even the problem of finding suitable employment for Bhils and other races in this area is no longer what it used to be. Our view therefore, is that the time is now ripe for a thorough revision of the old policy. In fact, we observe that even the department recognizes the need for some such revision. In the reply to our questionairs it observes with reference to the Mewar Bhil Corps :—

“ Although in theory there may be no justification for any part of the cost of the Corps, over and above that which is set off by the revenues of the Mewar-

Merwara villages, falling on the British Indian tax-payer, in practice the expenditure has been incurred as a form of insurance against the much heavier expenditure which would have been necessary to fulfil our treaty obligations with the Mewar Darbar, had the Bhumat been allowed to relapse once more into a state of lawlessness and anarchy. *"It is the avowed policy of Government now gradually to transfer political control to the Durbar and in the execution of this policy much progress has already been made. The logical result of this policy will be the abolition of the Corps or its transfer to the Durbar."* But the conditions of the Bhumat are such that it would be unwise and indeed dangerous suddenly to disband the Corps or to transfer it to the Durbar. It is, therefore, proposed to effect periodical reductions in its strength with a view to its transfer to the Durbar within a few years. The consummation of this policy will, however, inevitably lead to the reopening of the discussion regarding the future of the Mewar-Merwara villages."

We ought perhaps to add that the maintenance of this Corps affects primarily a circumscribed area, viz., the Mewar State and parts of the country in its neighbourhood.

Similarly, as regards the Malwa Bhil Corps the grounds on which the department thinks that the Corps should be maintained do not mention the original purposes very prominently, as the following extracts from its reply show :—

"The Corps has very often been employed actively in the capture of robbers and in the prevention of operations by gang of dacoits. The result in either case has often proved beneficent not only to Central India but in some cases to British Indian Districts on the border also.

The Corps is kept at a high standard of military efficiency as certified by the General Officers Commanding the Mhow and Central Provinces Districts. If the Corps is disbanded and recruiting stopped, a serious increase of crime will follow, a result the cost of which would far exceed the insurance premium represented by the Bhil Corps budget as it stands at present.

If the Corps is abolished, it will be necessary to raise another body of Military Police to perform the garrison and other duties now entrusted to the Bhils. The cost of this will far exceed the present sum paid by the Government of India. The Corps is an economical Military Police Force, as the rates of pay of the Bhils are considerably less than those of the regular troops or of the Police".

* * * * *

"The Corps performed valuable duties in connection with internal security during the Great War and thus enabled practically all the garrisons in Central India to be spared for duty overseas. These services were gratefully and publicly acknowledged by the General Officer Commanding, Central Provinces District, and have been further recognised by the re-arming of the Corps with up-to-date rifles."

We may add that the Corps is no longer maintained at Sirdarpur in the ~~real~~ Bhil country, but at Indore, the headquarters of the Central India Agency.

Further, we observe that in the somewhat analogous case of the Frontier Chowkidari establishment borne on the "Hyderabad" grant the department proposes to take action with a view to the elimination of the cost of that force from central estimates.

Our conclusions are that the time is now ripe for (i) the transfer of the Mewar Corps to the Mewar Darbar, its ultimate disbandment in due course being kept in view, and (ii) a substantial curtailment of the strength of the Malwa Corps.

As regards the former, the department's view is that but for the existence of this Corps the administration of the Bhil country would have been a costly affair necessitating the occupation of the territory by regular troops and that even now the maintenance of the Corps saves Government the expense of maintaining additional police or regular troops, either of which would be more costly. We concede that there was and still is some force in this view. We are, however, confident that if suitable stipulations are made, the Mewar Darbar should be able to ensure the satisfactory policing of the Mewar portion of the area where the Corps operates. We observe that the accepted policy is to gradually transfer control. Pending negotiations to this effect our proposal is that the strength of the Corps should be reduced so that it should cost no more than the present actual revenues of the territories handed over by Mewar State for this purpose. In this connection we may perhaps add that it will not be necessary to employ more than one officer (as is the case with the Malwa Bhil Corps) or to give him allowances on the present liberal scale. We agree that the question of the Mewar-Merwara villages will have to be settled; we naturally leave it to the department.

The area over which the Malwa Bhil Corps is supposed to operate comprises numerous States, some of which are small and have undeveloped communications. While a few States make contributions, many others do not even though the corps is sometimes used for their benefit. We shall therefore not go so far as to propose its disbandment; its transfer to any particular State is out of the question. But, we see no justification for the retention of the force at its present strength. The contribution from the various states amounted to 61 lakh and we consider this amount ample for providing the area in question with the protection of a military police. We hold that there is no justification for any part of the expenditure on this Corps falling on central revenues except to the extent that the performance of incidental and largely police functions (e.g., ceremonial guard duties, guarding of the Jail, the treasury and the Agency Office at Indore, escorting political officers and guarding their residences and camps, firing of salutes, etc.) necessitates the retention of its strength at a higher level. In respect of such incidental or auxiliary services we would provide a small additional sum, say about Rs. 15,000; in our opinion any expenditure from central revenues appreciably in excess of this figure is unjustifiable. We would thus fix the budget of the Malwa Bhil Corps at about 75 gross and 14 net and recommend that it should be incorporated in the Police budget for the Central India Agency.

(b) The second main question raises two issues, viz., (i) whether the States concerned should be called upon to shoulder any fresh or additional burden and (ii) whether any part of the cost should be met from the army estimates in respect of work done (if any) for the army.

As regards (i) the department's view is that the transfer of the Corps from Sirdarpur to Indore has been more to the advantage of the Government of India than to that of the contributing States. We concede that this view is not without some cogency, but we may incidentally observe that it proves that the corps no longer serves one of the original purposes for which it was raised. All the same, it cannot be denied that even now the Corps serves the purposes of the States in Central India and Malwa, (contributory as well as other) and there is no inherent objection to such states being invited to contribute or contribute more than they do. But, since the entire position of the states in the new constitution, particularly the vexed question of the mutual financial obligations of the Government of India and the Indian States, is at present under examination by various authorities, we are content to propose that the question of enhanced or new contributions should, for the present, be left untouched. We would however like it to be brought to the notice of various authorities (including special committees of enquiry,) interested in it. Meanwhile we propose that when a non-contributing State has occasion to utilise the services of the corps, it should not get them *gratis*.

As regards issue (ii), we observe that the Corps is being used for certain army purposes, and in fact is treated as if it were an irregular part of the army. It is under the command of officers drawn from the army or from the Army in India Reserve. It is "armed with up-to-date rifles," and "is kept at a high standard of military efficiency as certified by the General Officers Commanding, Mhow and Central Provinces Districts." It performs various "garrison and other duties" and is intended and expected to "perform valuable duties in connection with internal security" and thus enable garrisons in Central India to be spared for duty overseas. In fact the position is summed up in the department's observation that "the Corps could safely be employed in future in times of emergency in place of regular troops which could be released for service elsewhere." These facts (the quotations being from the department's own reply to our questionnaire) show that the Army could legitimately be called upon to bear, at any rate, a portion of the cost of maintaining this Corps. Since the army now charges civil departments for various services, e.g., firing salutes, inspection of arms, etc., we see no reason why the Foreign and Political Department should not ask for a share of the cost from the Army estimates. Since both political and army estimates are at present non-votable, the usual objection, viz., that the step proposed by us would be retrograde from the constitutional point of view, is not applicable to this case.

We are unable to give a precise figure for the army's share of the cost but provisionally we would fix it at the same figure as the net cost of our proposals to central estimates, i.e., at about Rs. 15,000.

(10) *Summary*.—On our proposals the net saving in the central civil estimates will be approximately 1.63 plus .65 and to central revenues 1.63 plus .50 (.65—15) = 2.13. The gross saving will be 3.37 lakhs. We shall take the latter figure into our calculation of savings.

CHAPTER XXIII.

POLITICAL PROBATIONERS UNDER TRAINING.

(1) *Introductory*.—A certain number of officers of the Political Department are deputed for training to the minor administrations and the provinces. We may add that for some years the training was held in abeyance owing to the shortage of officers caused by the War but it was revived from the cold weather of 1923. The expenditure is necessarily of a fluctuating nature as it depends on the number of probationers and the periods for which they are deputed.

(2) *Expenditure*.—We cannot ascertain the total provision for the training of such probationers in the various "area" grants, e.g., Delhi where, we are told, some provision for such training has been made. The table given below shows the expenditure on such training included in the political "non-area" grant; provision for such expenditure has been made only in two provinces, viz., the Punjab and the United Provinces. The chief items in the provisions are the pay and allowances of the officers and their passage contributions, pay of such establishments (generally temporary) as it may be necessary to maintain in this connection and small contingent expenditure.

	1924-25.	1926-27.	1927-28.	1928-29.	1929-30.	1931-32.
<i>United Provinces.</i>						
Pay of officers	·23	·14	·35	·11	·31
Pay of establishment	·01	·03
Allowances	·04	·02	·05	..	..
Contingencies	·01	..	·01	·01	·02
Grants-in-aid	·01	·01	·03
Total	·28	·16	·42	·14	·38
<i>Punjab.</i>						
Pay of officers	·25	·18	·49	·34	·58
Pay of establishment	·01	·01	·02	·01	·06
Allowances	·03	·03	·08	·09	·06
Grants-in-aid	·02	..	·06	·03
Total	·29	·24	·59	·50	·73
GRAND TOTAL	·80 ·57	·40	1·01	·64	1·11

We do not know the aggregate provision for this purpose. The department has totally suspended recruitment in 1931 and has proposed to curtail the recruitment of probationers by fifty per cent. and thus to reduce the expenditure by 1·12 lakhs. If expenditure can be assumed to be proportionate to the number of probationers under training, we deduce that the total provision must be about 2·24 lakhs. We have, however, been able to trace only the two items mentioned in the above table. The balance is presumably mixed up with the pay of officers and other items of expenditure in the various "area" grants.

(3) *Our proposals.*—We are not quite sure that the training cannot be kept in abeyance for a year or two, as was done during the War and for some years thereafter. Since, however, such action would, in essence, amount to the postponement of inevitable expenditure, there would be no genuine permanent savings. We have therefore not scrutinised the department's offer in detail. From the point of view of reduction of expenditure in 1932-33 we welcome the department's offer, such as it is.

If we had more time, we might have gone into the question whether in the light of recent developments, particularly reductions of staff in the interests of economy, any alteration in the rate of recruitment could be made so as to secure permanent savings. As it is, we are content to leave it to the department to work out its scheme.

CHAPTER XXIV.

Frontier Watch and Ward—Non-Area (Rs. 1,28,85).

(1) *Explanation.*—Under this head are recorded (i) charges for the defence of the Burma and Assam frontiers including the expenditure on buildings and communications relating to this part of the frontier and including the cost of the expeditions to the Triangle to put down slavery (ii) expenditure on buildings and communications connected with frontier defence in the North-West Frontier Province and Baluchistan and (iii) certain miscellaneous charges in Burma and Assam; these will be explained in some detail in connection with our proposals.

Expenditure on the civil defence forces maintained for the protection of the north-west frontier (i.e., the frontier in the North-West Frontier Province and Baluchistan) is provided for in the "area" grants and has been dealt with in the chapters relating to those minor administrations. We may add that till 1926-27 expenditure on buildings and communications relating to frontier watch and ward used to be shown under the head "Civil Works" and that it was only with effect from 1927-28 that with the opening of the new head "Frontier Watch and Ward" it began to be shown under "Frontier Watch and Ward—Non-area".

(2) *Expenditure.*—The total expenditure on Frontier Watch and Ward (non-area) including buildings and communications is 1,28.85 lakhs. The following table analyses it and shows its growth:—

	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
Frontier Constabulary and Militia ..	72.21	68.69	70.41	71.26	70.70
Buildings and communications ..	47.94	57.77	69.59	70.71	52.38
Miscellaneous	6.34	4.45	4.34	4.78	4.66
Expenditure in Enlarged and loss or gain by Exchange.	.98	1.17	-.96	-.90	1.10
	1,27.47	1,32.06	1,45.29	1,47.55	1,28.84

(Figures for earlier years are not separately available, since they are mixed up with Political and Civil Works expenditure for these years).

Till 1926-27 such expenditure used to be shown under the head "Political"; hence it is difficult to give separate reliable figures for Frontier Watch and Ward expenditure in the preceding years.

We may now deal with the expenditure in each province.

(3) *North-West Frontier Province.*—In addition to an expenditure of 95.85 lakhs on the civil defence forces, 38.01 is spent in this province from the non-area grant—mainly on the construction and repair of roads and bridges in the transborder territory. Broadly speaking, the executive agency employed for this purpose is the military engineering services. We have already in Chapter III proposed that the entire expenditure on Frontier Watch and Ward including that on buildings and communications intended for Frontier Watch and Ward

should be borne by the army budget. Since both are at present "non-voted," there can be no objection to our proposal on the ground of constitutional retrogression.

Pending a decision on the general question, however, we recommend, that in the present difficult financial position of Government construction should be slowed down as far as possible and a reduction of at least 17·00 lakhs should be made in the provision of 38·01 lakhs.

(4) *Baluchistan*.—The total Frontier Waeth and Ward expenditure in Baluchistan is 28·75 lakhs plus 8·27 lakhs on buildings and communications, i.e., 37·02 lakhs. We have already dealt with the former class of expenditure along with our general proposals relating to Baluchistan. As regards the expenditure (1931-32 budget) of 8·27 lakhs, we recommend that it should be reduced by at least 2·25 lakhs. The reasons on which we base our recommendation are the same as in the North-West Frontier Province, Burma and Assam.

(5) *Burma* (i) *Explanatory*.—The provision of 61·71 lakhs may be analysed as below :—

(a) Contribution to the Government of Burma towards the cost of the Frontier Military Police.	45·74
(b) Anti-slavery expeditions to the Triangle	6·68
(c) Civil defence force at Myitkyina	4·08
(d) Buildings and Communications	3·56
(e) Miscellaneous civil expenditure	·64
(f) Medical, Sanitary, Village Police and Education	1·01
	<hr/> 61·71

The Department has offered to reduce the expenditure by 5·50 lakhs mainly as a result of its proposal to curtail the cost of expeditions to the Triangle and the expenditure on works. It is also stated that the question of effecting a reduction in the contribution to the Burma Government towards the cost of the Military Police as a result of the general reduction of salaries, fall of prices, etc., was being taken up with the Local Government and that any savings which might result thereby would be in addition to the above figures.

(ii) *Recommendations*.—(a) The contribution to the Burma Government should be reduced, not only in the light of the fall in prices and the reduction in pay, allowances, etc., but also on the ground that India cannot afford to bear the present heavy cost of frontier watch and ward, especially along the North-Eastern Frontier, where the problem of frontier defence can by no means be called acute. Since we do not base our recommendation on the figures of expenditure and numbers in the past, but on the ground of an alteration of the policy so far pursued, we refrain from a detailed examination of the growth of this expenditure. We propose that the present provision of 45·74 should be reduced by 15·00 lakhs.

(b) We hold that in her present financial condition India cannot and should not incur any expenditure outside the territory comprised within the political limits of Burma for the extermination of salvery. If we may say so, such ~~expenditure~~ appears to us to be somewhat misplaced. The department proposes

ely to slow down. We would have proposed the deletion of the entire provision. But it has been pointed out to us that a complete and sudden reversal of the past policy would lead to undesirable political complications, and we concede that this view is not without some validity. Hence we are content to propose that the provision should be reduced from 6·68 to 2·00, saving 4·68 lakhs.

(c) The provision of 4·08 lakhs for a civil force at Myitkyina should, in the light of fallen prices, reduced pay and allowances, and the shrinkage in reverses be reduced by one-third. We are content to leave it to the executive authorities to work out the details.

(d) For reasons stated in the Chapters on the North-West Frontier Province and Baluchistan, we consider that the programme of "defence" works, costing 3·56 lakhs, should be slowed down, and a reduction of at least 2·00 lakhs should be effected.

(e) The miscellaneous civil expenditure should, we recommend, be reduced Rs. 4,400 to Rs. 60,000. The actuals for 1929-30 were 57 lakh and even an effect is given to our proposal, the provision that will be left will be 63 excess of the actuals of that year.

(f) We have no reductions to suggest in the expenditure on Medical, Veterinary, Village Police and Education in connection with Frontier Watch and Guard.

(g) The total reduction we have recommended for Frontier Watch and Guard in Burma amounts to 23·08 lakhs.

(6) Assam.—(i) Explanatory.—The 1931-32 provision of 19·76 lakhs may be analysed as below :—

(a) Contribution to the Assam Government towards the cost of Assam Rifles.	16·00
(b) Buildings and Communications	2·54
(c) Miscellaneous	1·22
	<hr/>
	19·76

The department has proposed to effect a reduction in the strength of the police corps and thus offered a reduction of 32 lakh. It has also stated that the effect of a reduction in the contribution to the Assam Government is under consideration in consultation with the local Government.

(ii) Our own recommendations based on reasons which we have already explained in the preceding paragraphs are :—

(a) The contribution to the Assam Government on account of the Assam Rifles should be reduced from 16·00 to 11·00 lakhs.

(b) A reduction of 1·00 lakh should be effected under Buildings and Communications by slowing down the programme of works.

(c) The provision of 1·22 for Miscellaneous expenditure should be reduced to about 1·00 lakh. Actual expenditure in 1929-30 was 1·09. In the light of the fall in prices, which has occurred since, we think it should not be difficult to effect the reduction which we have proposed.

(7) *Summary of savings.*—The total reduction proposed by us under this grant amounts to Rs. 48·55 lakhs, distributed as shown below. For the sake of completeness we have also shown the reductions proposed by us in the “area” grants, i.e., on expenditure on the Civil defence forces in the North-West Frontier Province and in Baluchistan.

North-West Frontier Province ..	..	{ 17·00 under this grant. 15·85 in the “area” grant.
Baluchistan .. .. .	..	{ 2·25 under this grant. 4·00 in the “area” grant.
Burma .. .. .	..	23·08
Assam .. .. .	..	6·22

Total 48·55 in the “non-area” grant and 68·40 in the two “area” grants and in the “non-area” grant put together.

Even after effect is given to our proposals the total expenditure on Frontier Watch and Ward (including that incurred in the “area” grants) will be 1,83·95 lakhs.

Summary of reduction of expenditure resulting from the recommendations made in this part (III) of the Report.

Serial No.	Chapter, number and name of grant.	1929-30. Actuals.	1931-32. Budget.	Skeleton scheme.	Reduction proposed.	Remarks.
1	II. Foreign and Political Department.	10.56	11.74	..	2.75	
2	III. North-West Frontier Province.	2,33.66	246.78	30.05	20.24	
3	IV. Baluchistan ..	76.24	79.34	10.24	10.25	
4	V. Ajmer-Merwara ..	15.63	18.48	2.76	3.02*	*Includes automatic saving of 1.31 on account of famine relief.
5	VI. Rajputana ..	13.19	13.39	2.33	3.55	
6	VII. Central India ..	12.49	12.92	3.23	3.25	
7	VIII. Hyderabad ..	6.23	9.90	1.90	1.61	
8	IX. Bangalore ..	14.24	14.16	†	†	
9	X. Western India States Agency.	17.44	16.83	3.25	3.25†	†Excluded from scrutiny.
10	XII. Gwalior Residency ..	.71	.76	.07	.05	†Includes 1.05 under Excise.
11	Mysore Residency ..	1.95	2.00	.38	.38	
12	British Envoy at Nepal ..	1.70	1.56	.31	.36	
13	Baroda Residency ..	1.05	1.02	.07	.11	
14	Sikkim and Bhutan Agency	1.11	.90	.05	.10	
15	Gyantse Trade Agency ..	2.05	2.29	2.29	2.29§	} {Works and entertainment charges have been dealt with in Chapter XXII.
16	Yatung Trade Agency ..	.23	.22	.22	.22	
17	XIII. Madras States Agency.	1.80	1.33	.60	.84	From proposals re amalgamation with Mysore.
18	Other Political establishments in Madras Circle.	.45	.41	..	.06	
19	XIV. Aden ..	4.21	4.88	.68	.68	
20	XV. Mahikantha Agency ..	2.89	2.78	.20	.37	
21	Southern Mahratta country Agency.	.70	.83	.10	.06	
22	Minor Agencies in Bombay Circle.	1.83	2.16	.51	.53||	|| Viz., .51 under payment to Bombay Government (based on removal of Mahikantha and Rewa Kantha from their control) and .02 under Rewa Kantha proper.
23	XVI. Kashmir Residency ..	2.03	2.09	.65	.67	
24	Gilgit Agency ..	1.58	1.78	.17	.17	
25	Punjab States Agency ..	1.67	1.79	.18	.30	
26	Consulate-General, Kashgar	1.01	1.14	.30	.30	
27	Ayub Khan Agency ..	.04	.04	.03	.03	
28	Gartok Trade Agency ..	.25	.17	..	.17	
29	Simla Agency ..	.37	.37	..	N/A	
30	Dera Ghazi Khan Agency ..	.21	.21	..	N/A	
	XVII. Other Agencies and Residencies.					
31	Bengal ..	.10	.11	.01	.03	
32	United Provinces ..	.41	.65	..	N/A	
33	Burma ..	1.68	1.94	.35	.37	
34	Bihar and Orissa ..	1.20	1.23	.27	.20	
35	Central Provinces ..	.39	.51	.02	.02	
36	Assam ..	.87	.80	.34	.14	

Serial No.	Chapter, number and name of grant.	1929-30. Actuals.	1931-32. Budget.	Skeleton Reduction scheme.	Reduction proposed.	Remarks.
XVIII. Persia, Arabia and the Persian Gulf littoral.						
37	Main recommendation	8.55	11.50*	†Not less than 20 on these three items.
38	Bahrein Agency ..	..90	..84	} 20	..10†
39	Muskat Agency ..	..64	..70		..05†
40	Gwadur Directorship ..	..11	..10	} 04	..10†
41	Duzdap Trade Assisgancy14	..16		included in item 52.	Not included in total.
42	Ahwaz Vice-Consulate ..	..27	..29	} 3.76	..29
43	Mohammerah Vice-Consulate ..	..42	..40		..07
44	Bunder Abbas Consulate ..	..56	..56		..17
45	Bushire (a) Political Agency ..	3.58	3.43		..64	
46	Bushire (b) Despatch Vessel ..	Included in No. 60	..60		..60	
47	Kerman Consulate ..	..83	..71		..01
48	Koweit Agency ..	..67	..56		..08
49	Persian Legation, Tehran ..	..21	..19		..04
50	Consulate General, Khorasan ..	1.18	..96		..20	
51	Seistan Consulate ..	1.16	1.07	..04	..04	
52	Duzdap Vice-Consulate38	..41	..41	..41†	†From the proposal to abolish this Vice-Consulate. Others wise .04.
53	XIX. Kabul Legation and Jalalabad and Kandahar Consulates.	3.00	4.04	1.72	2.10	
XX. Other Political Expenditure.						
54	Political Subsidies ..	3.09	3.07	..15	Nil	§Civil Estimates will get relief to the full extent, i.e., 6.44 lakhs. || This is gross saving. Net saving is 2.13.
55	Entertainment charges ..	..41	..40	Nil	Nil
56	Refugees and State Prisoners ..	3.57	3.15	Nil	Nil	
57	Special Political Expenditure ..	10.05	10.00	Nil	Nil	
58	Works ..	2.99	4.18	3.08	3.53	
59	H. E. the Viceroy's secret service.	..55	..55	..05	..06	
60	Miscellaneous charges ..	5.32	3.43	Nil	..32	
61	Protector of Pilgrims, Iraq ..	..06	..08	Nil	Nil
62	Expenditure in England ..	14.99	12.76	Nil	2.75	
63	XXI. Indian States Forces	5.91	6.44	4.29	4.29§	
64	XXII. Malwa and Mewar Bhil Corps.	3.49	3.52	3.55	3.37||	
65	XXIII. Political Probationers under training.	Totals not known		1.12	1.12	
66	XIV. Frontier Watch and Ward (non-area).	1,45.30	1,28.85	48.55	48.55	
Total		6,41.95	6,48.36	1,29.05	1,21.56	

Besides, there will be saving from our proposal regarding special pays and allowances.

*This amount represents the total estimated expenditure which falls on Indian revenues and which under our proposal will be transferred to the British Exchequer. Pending negotiations with H. M. G. regarding the main proposal the Sub-Committee has recommended economies in the expenditure of individual agencies, etc. These reductions are not included in the total, since credit has been taken for the ultimate saving of 11.50 lakhs.

REPORT

of the

Stores, Printing and Stationery Sub-Committee

of the

RETIREMENT ADVISORY COMMITTEE

(FINAL)

September 1932



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Constitution and Terms of Reference of the Sub-Committee.

CONSTITUTION.

The Sub Committee was constituted as below :—

(1) The Honourable Mr. G. A. NATESAN, Member of the Council of State, *Chairman*.

(2) Mr. B. DAS, M. L. A.

(3) Mr. A. H. GHUZZAVI, M. L. A.,

(4) Mr. JAGGANNATH AGGARWAL, M. L. A.

(5) The Honourable Mr. H. P. BROWNE, C.B.E.*

} *Members*

Mr. V. K. ARAVAMUDHA AYANGAR, C.I.E., *Secretary*.

* Mr. S. C. LYTTLETON was appointed when Mr. Browne resigned.

General Terms of Reference.

“To make recommendations to the Committee for effecting forthwith or by stages all possible reductions in the public expenditure of the Government of India under review of the Sub-Committee having regard especially to the present and prospective position of the revenue. In so far as questions of policy are concerned these will be left for the exclusive consideration of the Government but it will be open to the Sub-Committee to review the expenditure and to indicate the economies which can be effected if particular policies are either adopted, abandoned or modified.”

Subsidiary Terms of Reference in respect of the Indian Stores Department.

A.—To advise—

- (1) on the extent to which the Department is serving, the object for which it was created ;
- (2) whether it is necessary in its present form for that object and should be maintained, or if not
- (3) whether it should be abolished or its organisation modified ;
- (4) what consequences would result from such abolition or modification.

B.—To advise, if the Department is to be retained—

- (1) whether the existing orders as to the extent to which it should be used by all Central Governments need any and if so what revision ;
- (2) on the advisability of adopting the means of retrenchment discussed by the Chief Controller, Indian Stores Department and the Retrenchment Officer in their Report ;
- (3) on the possibility of securing further savings by any other means.
- (4) on the suitability of the existing system of departmental charges.

In our *interim* reports* which we submitted in September last year, we devoted our attention to the possibilities of immediate retrenchment in the two departments with which we were concerned, as in view of the financial position of the Government of India at the time an immediate reduction in expenditure was considered of paramount urgency. Besides review of expenditure we were required under our terms of reference in respect of the Indian Stores Department to advise—

A—(i) On the extent to which the Department is serving the object for which it was created.

(ii) Whether it is necessary in its present form for that object and should be maintained, or if not, whether it should be abolished or its organisation modified and what consequences would result from such abolition or modifications.

B—if the Department is to be retained—

(i) Whether the existing orders as to the extent to which it should be used by all Central Government Departments need any, and if so, what revision.

(ii) On the suitability of the existing system of departmental charges.

Having completed our examination we now present our final report dealing with the subsidiary terms of reference mentioned above and also with various other matters connected with retrenchment which came under our review.

Proceedings of the Committee.

2. After presenting our *interim* reports we continued to hold meetings in Simla during the legislative session and held in all five meetings of which the last was a joint meeting with the Railway Retrenchment Sub-Committee when the Chief Commissioner, Railways, the Financial Commissioner, Railways and the Chief Controller, Indian Stores Department were examined in regard to purchases by railways through the Indian Stores Department. We also examined Mr. J. A. Shillidy, Secretary to the Government of India in the Department of Industries and Labour, regarding the policy of the Government of India in the matter of stores purchase.

We resumed our meetings on the 8th January 1932 at Calcutta and held five meetings between the 8th and 13th January 1932 when we examined a number of officers and representatives of commercial firms. The Chairman was authorised by the Committee to continue further examination in Bombay. The Chairman and Secretary reached Bombay on the 19th January and examined witnesses and inspected offices between the 19th and 22nd January 1932. The witnesses included the representatives of various commercial bodies and officers of the Stores Department.

We finally met in Simla on the 9th September 1932 for examining the representatives of the Army Department and for formulating our conclusions.

We enclose a list† of the various commercial bodies and individuals who submitted written memoranda to us in response to our enquiries. A list‡ of witnesses who were orally examined by us is also enclosed.

* *Vide* Appendices I and II.

† *Vide* Appendix III.

Acknowledgments.

3. We should like to express our grateful appreciation of the kind assistance rendered by all the witnesses in this connection. Our special thanks are due to the Chief Controller of the Indian Stores Department who was always willing to discuss matters with us and help us with his valuable advice.

Pending the appointment of Mr. V. K. Aravamudha Ayangar as Secretary to our Committee Mr. T. Ryan undertook the secretarial work of the Committee at the outset of our enquiry. We are much indebted to him for a good deal of valuable preliminary work done by him for our Committee.

The services of Mr. V. K. Aravamudha Ayangar were not available during the budget session of 1932 and during this period when we pursued our enquiry at Calcutta and Bombay, Mr. S. P. Shah, I.C.S., acted as our Secretary and our thanks are also due to him for his ungrudging assistance.

We desire to place on record our high appreciation of the valuable service rendered to us by our Secretary, Mr. V. K. Aravamudha Ayangar. In spite of his onerous duties as Budget officer, he has as a part time official applied himself to his task with considerable zeal and ability. His quick grasp of financial matters, his great experience of the financial working of various departments and his experience as Secretary of the Public Accounts Committee have been of invaluable help to us.

Certain outstanding recommendations from our interim reports.

4. We proposed in paragraph 6 (b) of our interim report, dated 5th September 1931, that the printing work of the Government of India should be concentrated at one place, New Delhi, and promised to make a further report on the financial effect of our proposal. We also pointed out in paragraph 6 (d) of the same report that the printing of forms work now done by the Calcutta Press might advantageously be transferred to Aligarh thus enabling Government to make the most economical use of the machinery at that Press and thereby effect some saving in printing charges. We are glad to find that the Government of India are in agreement with us on the main principle of these proposals. The first step in the direction contemplated by us has been taken by the transfer of the Central Publication Branch from Calcutta to Delhi. But our bigger proposal for the complete abolition of the Hasings Street Press will have to be effected by very gradual stages. It is impossible to fix a period during which the transfer should be completed. In these circumstances we consider it inadvisable to attempt to work out now estimates for the financial cost of the complete scheme.

5. In paragraph 7 of the *interim* report of the 5th September, we referred among other things to the Indianisation of the staff and reduction of stores balances in the Stationery and Printing Department. As regards Indianisation we have examined this question in consultation with the Controller of Stationery and Printing who supplied us in this connection with a comprehensive note on the subject. The question of the Indianisation of the superior supervising staff of the Stationery and Printing Department was taken up by Government in

1925, who decided, after careful examination, that if the department was to be Indianised, it was essential that arrangements should be made for securing European training for suitable Indian candidates for the technical posts. Accordingly a system of training apprentices was introduced in 1926 under which one apprentice out of those undergoing training at the Calcutta Press was to be sent to England for further training every year for some years and a set of rules applicable to holders of Government scholarships in printing and allied trades in England was framed. In pursuance of this scheme six apprentices were sent to England up to the year 1931 of whom three have already returned to India and been provided with permanent appointments in the Government Presses. Three more vacancies are expected during the next few years to which the remaining apprentices due to return from England will be appointed. As no further vacancy is likely to occur in the ordinary course after August 1934, it has been decided by Government to hold the scheme of training in abeyance for one year and to review the position in February 1935. As regards gazetted appointments in the Stationery office, the Central Publication Branch and the Controller's office, of the seven appointments in existence, four are already held by Indians or statutory Indians. Of the remaining three posts, one is also held by an Indian in an officiating capacity. As regards the other two posts, viz., Deputy Controller of Printing in the Controller's office and Deputy Controller of Stationery, Calcutta, we were informed by the Controller that both the posts are expected to be filled by Indians in due course. In fact the Controller anticipates that within the next 15 years the Stationery and Printing Department may be completely Indianised. We are satisfied with the position regarding Indianisation in the Department and have no recommendations to make.

6. As regards reduction of stores balances, we observed in paragraph 6 (f) of our *interim* report that the value of stationery stores in stock at the end of March 1931 was about Rs. 15 lakhs, that the stock at the close of each year is at present fixed so as not to exceed 3 months' supply and that in view of the fact that of the total purchase amounting to Rs. 62½ lakhs in 1930-31, about Rs. 59 lakhs were purchased in India, the question of reducing the stock at the end of the year to less than three months' supply should be considered. We took the matter up with the Controller of Printing and Stationery, who pointed out that a proportion of stock balance of articles purchased in India consisted of articles of European manufacture purchased through local Agents and that supplies of these articles could not in many cases be obtained within less than three months from the time of placing orders. In regard to the item "Purchase of paper" the Controller informed us that as an experimental measure and with a view to economy, it has been decided to endeavour to work on a two months' stock. The approximate value of three months' requirements of all the various qualities of paper is about Rs. 9 lakhs and the experiment is expected to result in a reduction of stocks by approximately Rs. 3 lakhs. The Controller is doubtful whether it would be possible to secure a lower stock balance than Rs. 12 lakhs. But he has assured us that special endeavour will be made to reduce stocks to the very lowest figure. In fact in order to get stocks as low as possible, he has introduced a system of direct supply to the big consuming departments such as Railways, Posts and Telegraphs, etc., and we were told that stocks to the amount of about Rs. 20 lakhs were being supplied direct on contracts entered into by the Stationery Department. We are satis-

fied that the position is very closely watched and that purchases are being restricted to minimum requirements. We observe that the question of reducing stores balances in the various central offices has engaged the attention of the Public Accounts Committee which has recommended that the possibility of reducing stocks by revising the basis of calculation of working balances *e.g.*, by adopting 2 months' consumption basis instead of 3 months in the case of articles obtained locally, should be examined by all civil departments. We endorse this recommendation.

Matters examined after our interim reports.

7. There are two special branches of the Indian Stores Department, *viz.*, the Government Test House at Alipore and the Metallurgical Inspectorate at Jamshedpur, which could easily be separated from the other branches of the Department and dealt with independently.

Government Test House, Alipore.

8. The work done by the Government Test House, Alipore, is briefly described in Chapter XIII of the pamphlet issued by the Indian Stores Department entitled "The Indian Stores Department and Assistance to Indian Industries". The important part played by the Government Test House, Alipore, in the industrial development of India has been emphasised by more than one witness both orally and in the written memoranda submitted to us. The following quotation from the memorandum of one of the witnesses will be relevant in this connection :—

"The Test House silences, by accurate analysis and test, the unfounded and prejudiced criticism of many buying officers. An officer in Southern India was buying imported cement. He said Indian cement tested by him was below British standard. A test made in the Government Test House disproved his statement entirely and proved the fault was with the officer. Indian made white lead was reported to be useless and to make such paint that it ran down the railway carriages in the rain. It took some time to find out the cause of this, but it had nothing to do with white lead and the Indian Stores Department has been buying Indian white lead * * * * *

The tests made on an Indian manufactured ceiling fan showed such remarkable efficiency that the Indian Stores Department has been able to make considerable purchases, and if Indian workmanship were only better, a matter of time, greater purchases would be possible. * * * The great King George's docks in Calcutta are faced with Indian blue bricks tested throughout construction, as was the cement, concrete, etc., in the Government Test House. These tests showed the Indian product on the whole to have superior wearing properties to Staffordshire blue bricks".

We are definitely of the opinion that the Alipore Test House and Laboratory has supplied a long felt want in the country and should be maintained. We

have, however, come to the unanimous conclusion that it is not fair that the Indian Stores Department should be saddled with the cost of this Test House. As a matter of fact the functions of the Test House are not restricted to making tests and analyses for the Indian Stores Department. The facilities it has to offer are made use of by many other Departments of the Central and Provincial Governments and by Industrialists and Traders throughout the country. In our opinion the Alipore Test House should be regarded more or less as an institution similar to the National Physical Laboratory, London. We hope, in order to enable the Test House to fulfil its rôle as a national institution, Government will take steps, if and when a suitable opportunity occurs, to secure the services of an eminent Indian scientist as head of the institution.

9. We give below a statement showing the receipts and expenditure of the Test House from the year 1924-25 :—

Year.			Gross expenditure.	Receipts.	Net expenditure.
			Rs.	Rs.	Rs.
1924-25	..	..	2,86,288	1,31,693	1,54,595
1925-26	..	..	3,18,239	1,42,707	1,75,532
1926-27	..	..	2,90,506	1,80,289	1,10,217
1927-28	..	..	3,06,652	1,90,492	1,16,160
1928-29	..	..	3,95,549	1,94,523	2,01,026
1929-30	..	..	4,29,346	2,09,156	2,20,190
1930-31	..	..	3,73,824	1,79,791	1,94,033
1931-32	..	..	4,00,058	1,81,433	2,18,625

The figures include direct as well as indirect charges, including a debit for the headquarters supervision on the expenditure side and a credit for work done for the Indian Stores Department on the receipt side.

The expenditure on the National Physical Laboratory, London, during the year ended 31st March 1931, was as follows :—

Gross expenditure.	Receipts.	Net expenditure.
£	£	£
208,964	104,706	104,258

The net expenditure of £104,258 does not however include any share of headquarters administration charges and is further in addition to a net expenditure of about £20,000 incurred on Chemical Research Laboratory.

10. The Test House at Alipore carries out both physical as well as chemical tests while the National Physical Laboratory confines itself to the former class of tests. We are not however satisfied that the expenditure of the institution cannot be brought down consistent with efficiency. We recommend that the

possibilities of economy should be examined departmentally with particular reference to the following points.

(i) *Duplication of expenditure.*—We understand that the Army Department has its own Test House at Cawnpore and we were informed that the department decided to establish its own test house as the Alipore Test House charged a scale of fees which that department considered to be more than reasonable. We consider it a short-sighted policy, which is certainly not in the interests of the general taxpayer, that for any reason departments of the Government of India should be encouraged to start independent laboratories of their own and we are of the opinion that it is most advisable that the question of issuing general instructions to all departments of the Government of India to utilise the services of the Alipore Test House and Laboratory should be considered. We may refer in this connection to a recommendation in Chapter II of the 2nd *interim* report of the General Purposes Sub-Committee, *viz.*, that the chemical control work in the Customs Department should be made over to the Government Test House at Alipore. We suggest in this connection that the system of charging Government departments for tests and analyses carried out on their behalf might be abolished, if that is considered necessary to induce departments to utilise the institution to the fullest extent possible. We may add that Central non-commercial Civil departments are already exempt from payment of any fees for services rendered. If this suggestion were accepted, it would still be possible to present the financial results of the working of the institute in the form of a *pro forma* account wherein credit might be taken for fees for tests and analyses carried out on behalf of Government of India departments.

(ii) *Examination of proposals for fresh expenditure.*—During our inspection of the Test House we observed that the capacity and scope of the various sections in the institution had been increased in recent years and that new fields of operations had been opened. We are not sure whether the expansion of activities in some directions has not been premature. For example we were told by one of the witnesses before us that an impact testing appliance was installed a few years ago at a cost of about Rs. 30,000 but that the appliance now remains more or less a dead machine. We suggest that no proposals in future for the expansion of the activities of the institution should be accepted unless after thorough expert examination the proposals are found to be such as can reasonably be expected to yield financial benefits to the country commensurate with the outlay.

Metallurgical Inspectorate.

11. The Metallurgical Inspectorate at Tatanagar came into being to meet the necessity for providing an efficient inspecting and testing establishment for the products of Messrs. Tata Iron and Steel Co. which founded the steel industry in India. The inspection of the products of this Company still forms the major part of the work of the Inspectorate. Like other branches of the Indian Stores Department, the activities of the Metallurgical Inspectorate have been adversely affected by the diminution in the purchases made by the Railways in India from

the Company and the general trade depression. The following table gives the receipts and expenditure of the Inspectorate from the year 1924-25 :—

Year.	Expenditure.	Receipts.	Net Receipts +.
			Net expenditure —.
	Rs.	Rs.	Rs.
1924-25	2,40,922	3,03,344	+ 62,422
1925-26	3,04,418	3,43,933	+ 39,515
1926-27	2,64,485	4,26,235	+ 1,61,750
1927-28	2,67,569	4,40,483	+ 1,72,914
1928-29	3,24,044	2,62,793	— 61,251
1929-30	3,46,842	3,78,988	+ 32,146
1930-31	3,15,228	3,60,123	+ 53,895
1931-32	2,47,085	2,56,468	+ 9,383

The figures include direct as well as indirect charges, including a debit for the headquarters supervision on the expenditure side and a credit for work done for the Indian Stores Department on the receipt side.

12. It will be seen from the statement above that the Metallurgical Inspectorate is the only branch of the Indian Stores Department which works at a profit. The profit is earned mainly from the fees paid for the inspection of the products of the Tata Iron and Steel Company. The organisation of the works is highly delicate and the outflow of work is entirely dependent on expeditious and efficient inspection. We were informed that the possibility of reducing the staff of the Inspectorate had been considered more than once by the department and that on every occasion the department came to the conclusion that any reduction of the strength of the inspection establishment would be fraught with tremendous risk, not only from the point of view of the safety of the Indian public but also from the point of view of injury that might be done to India's greatest national industry. We agree with this conclusion and deprecate any attempt to reduce the facilities that are now given to Messrs. Tata Iron and Steel Company in the matter of efficient and expeditious inspection. At the same time we consider that the Indian taxpayer will be fully justified in demanding that this branch of the Stores Department should be maintained on a self-supporting basis. The profit from the activities of this branch which reached the large figure of Rs. 1,73,000 in 1927-28 has now dwindled to Rs. 9,000 in the year 1931-32. We are definitely of the opinion that the expenditure on the Inspectorate should be departmentally reviewed and proper steps taken in time to prevent the Inspectorate becoming a losing concern. We understand that this question is already engaging the attention of the Indian Stores Department. We are aware that since 1925 all the recruits appointed to the Metallurgical Inspectorate have been Indians a number of whom have been specially trained in metallurgy in Europe under a scheme of State scholarships. The question of reducing the superior staff should therefore be carefully considered with reference to a sufficiently long period view of prospects of increase in the work of the Inspectorate, say, during the next five or ten years.

Indian Stores Department.

13. The Indian Stores Department was established in pursuance of the recommendation of the Stores Purchase Committee. Nearly half a century ago, the Government of India enunciated their policy of substituting for all State purposes stores of indigenous manufacture and origin for stores produced abroad and prescribed by rules regulating the purchase of stores for the public service that preference should be given to articles manufactured wholly or partly in India over stores of like description manufactured abroad. In spite of the preference laid down in the rules the Indian Industrial Commission in 1918 found that the manufacturing resources of the country were not being availed of to the fullest extent possible by purchasing officers owing to want of information of sources of supply and of market values and also owing to the lack of efficient inspecting agencies in the country. The Stores Purchase Committee was appointed in 1919 by the Government of India in order to work out a detailed scheme for the constitution of a fully equipped stores agency in India in accordance with the principles set forth by the Indian Industrial Commission. The Committee was required to "concentrate their attention on the difficult and complicated task of devising a scheme which will as far as possible meet the needs of the different interests concerned while keeping fully in view the fundamental principles of efficiency and economy". After a careful consideration of all the aspects of the question, the Stores Purchase Committee came to the conclusion that the remedy for the then prevalent unsatisfactory state of affairs in respect of purchase of stores for the public service in India was to be found in the establishment of a department (the Indian Stores Department) which among other things,

(a) should act on behalf of all Imperial departments of the Government of India (including Army, Marine and Civil Departments and State-owned railways) and such provincial governments, company-worked railways, corporations, port trusts, municipalities and similar quasi public bodies and such Indian States as may desire to avail themselves of its assistance,

(b) should so conduct its operations as to prevent the purchase of imported stores so long as goods of indigenous production of suitable quality and price can be procured in India,

(c) should act as a central bureau of information on all matters affecting purchase of stores and their price, particularly with reference to the extent of Indian manufacturers and their capacity for production from time to time. The Committee also recommended that in regard to recruitment to the new department preference should be given to statutory "natives of India" whenever suitable qualified men were available in India.

14. The Stores Purchase Committee anticipated that stores worth about Rs. 8 crores would normally be purchased by the new department provided the departments of the Central Government, including the Army and the State Railways, freely utilised its services. The committee visualised that the net cost of the department when fully fledged and competent to handle the total volume of expected business would be about Rs. 15 lakhs or less that 2 per cent. of the cost of the stores handled.

15. These recommendations were accepted by the Government and the department came into existence on the 1st of January, 1922, when the Chief Controller of Stores and the Chief Inspector were appointed and the work of purchasing textiles for the Army and other departments of the Government was transferred to the head of the new department. In July, 1922, the offices of the Superintendent Local Manufactures and Government Test House and the Metallurgical Inspectorate were brought under the new department, the absorbed offices serving as the nucleus of the Inspection branch of the department. Further additions to the establishment in order to cope with the increasing work of the department in the matter both of purchase and inspection had to be postponed till the end of the financial year after the necessity for the department had been thoroughly examined by the Inchcape Committee. For all practical purposes, the department may be considered to have come into full working order in 1923-24.

16. Early in the life of the department the Government of India decided that its revenue should be derived from the charges levied for services rendered and that these should be at the rate of 1% of the value for purchase of stores and 1% for inspection of stores, an aggregate of 2% being charged for purchase and inspection together. This decision has to some extent been modified by recent orders to the effect that all non-commercial civil departments of the central Government are entitled to the services of the Indian Stores Department without charge.

Growth of the Department.

17. Though the Government of India originally advocated the utilization of the Indian Stores Department by all their departments, it was not the policy of the Government at the beginning when the Indian Stores Department was constituted to make purchases through it obligatory. The idea was that the department should prove its utility and as it proved its utility, it should get its custom. The Railways and the Army had each its organisation for purchase and inspection of its stores and were naturally reluctant to close down their organisation at once and to transfer the work connected with the supply of their requirements to a new department. The provincial Governments, who were not included in the original scheme of purchase, were however ready to utilize the services of the department and the greater portion of the work during the first two years was undertaken on behalf of the Governments of Bombay and the Punjab. The major local Governments issued in 1926-27 definite rules regulating the purchase of stores and recognising the Indian Stores Department as a useful purchasing and inspecting organisation. The following statement shows the progress made during the first few years of the existence of the department.

Year.	No. of authorities utilising the depart- ment.	Value of orders placed. (In lakhs of rupees.)
1921-22	14	59
1922-23	22	165
1923-24	39	167
1924-25	88	259
1925-26	152	267
1926-27	184	399

After full five years after the establishment of the department, the volume of purchases had only reached 50% of the normal limit contemplated by the Stores Purchase Committee and compared with the total requirements of the consuming departments was inconsiderable. It was no wonder therefore that the Public Accounts Committee which examined the accounts of the department from year to year recommended in its report for 1927-28 that if the Government were satisfied that "the Department is so organised that it is capable of purchasing stores with efficiency and economy on a standard comparable to that attained by the departments when purchasing on their own account, then the Government should issue orders that all stores other than stores of a technical nature required by any Government department should in future be purchased through the Indian Stores Department". If the Government were not so satisfied, then the Public Accounts Committee recommended that "they should appoint a committee of the Legislative Assembly to enquire into the present position and working of the Indian Stores Department."

Orders regarding the utilization of Indian Stores Department by Government of India Departments.

18. The Department of Industries and Labour issued orders in 1929-30 to all authorities under their direct control that the purchase of all classes of stores, handled by the Indian Stores Department, should, in future, be entrusted invariably to that department. Similar orders were issued in 1930-31 by the Department of Industries and Labour to all minor local Administrations and by the Home, Commerce, and Foreign and Political Departments to the authorities under their direct control. In 1931-32, the Finance Department issued orders to the Auditor General and the Central Board of Revenue and the Department of Education, Health and Lands to the offices under its control. The Imperial Council of Agricultural Research, the Legislative and Legislative Assembly Departments also agreed to obtain their requirements through the Indian Stores Department.

19. Five of the major local Governments have promulgated new "Rules for the supply of articles required to be purchased for the public service" closely following the central Government's rules and certain local Governments have definitely laid down that the Indian Stores Department should ordinarily be utilized for the purchase of stores exceeding Rs. 500 in value.

20. The Railway Board decided in 1928 that several articles which were usually purchased on annual contracts by Railways should be obtained entirely through the Indian Stores Department and we were informed that substantial additions were being made from time to time to the list of stores the purchase of which is entrusted to the Indian Stores Department.

21. The Army Department has transferred to the Indian Stores Department entirely the purchases of textiles and Military Engineering Service stores including electrical and mechanical plant requirements. Besides handling themselves their requirements of foodstuffs and special military stores the Army Department still continue their own purchases of several classes of general stores for branches other than the Military Engineering Service which are by no means of a special military character, like locks, paints, pigments and varnishes, lubricating and fuel oils, petrol and kerosine,

hand tools, miscellaneous hardware, electrical stores, etc. So far as inspection is concerned, the Army authorities do not utilize the Indian Stores Department to any great extent and even the inspection of clothing and general stores is carried out by their own inspecting agency.

22. In 1923-24 the services of the Department were utilized by the Government of South Africa for the purchase and inspection of a large number of jute grain bags required by them. The Air Ministry of the British Government has utilized the services of the Department in connection with the purchase and inspection of certain Engineering supplies required for the Airship Base, Karachi, and also in connection with miscellaneous stores required for works in Aden under the control of the Ministry. The facilities offered by the Department have been brought to the notice of the Governments of the Crown Colonies. The Government of Ceylon has issued instructions to some of the important Departments under its control to advertise tender notices of Rs. 5,000 or over in value in India in order to afford an opportunity to firms in India to quote for the demands. The Department has undertaken the inspection of tents and tent components on behalf of the Palestine Government. Negotiations have also taken place with the Egyptian Government regarding the inspection of rails, the purchase of which in India was under consideration by that Government. The Department has also undertaken the inspection of materials on behalf of the Singapore Municipality.

23. In spite of the most patient and we should say, creditable efforts to secure custom, the volume of work handled by the Indian Stores Department has not reached the figure visualized by the Stores Purchase Committee. The following figures will illustrate the position.

Purchases through Indian Stores Department.

Year.			Number of Departmental and other authorities utilising the I. S. D.	Value of orders placed. (Rs. lakhs.)
1928-29	..	..	227	360
1929-30	..	..	249	429
1930-31	..	..	270	377
1931-32	..	..	297	360

Inspection through Indian Stores Department.

Year.			Inspection of stores charged on value. (Rs. lakhs.)	Inspection of stores charged on weight. (Tons.)
1928-29	..	..	542	219,000
1929-30	..	..	748	343,000
1930-31	..	..	661	328,000
1931-32	..	..	484	211,000

The following figures show the volume of work done for the Railways and the Army separately.

*Railways.**

		(Rs. in lakhs).		
		Value of stores inspected.		
		(a)	(b)	
	Value of purchases.	those charged on value.	those charged on weight. (Tons.)	
1928-29	.. 104	274	129,000	
1929-30	.. 150	405	173,000	
1930-31	.. 128	285	159,000	
1931-32	.. 126	209	170,000	

Army.

						Value of purchases.
1928-29	..	..	..	..	..	133
1929-30	..	..	..	..	..	119
1930-31	..	..	..	..	..	105
1931-32	..	..	..	..	..	138

The rupee tender system.

24. The growth of business handled by the Indian Stores Department, small as it is, would be still smaller but for the operation of the rupee tender system. This system came into force from 1st January 1931 by the promulgation of new rules for the supply of articles required to be purchased for the public service. Under these rules all articles required to be purchased for the public service have normally to be purchased on the condition that delivery shall be made in India for payment in rupees in India. As a consequence purchase *abroad* has become the exception to the general rule, whereas under all the rules in force previously purchase *in India* was the exception though it had been progressively facilitated by the alterations in the stores purchase rules from time to time. One result of the new system was that stores previously purchased abroad for the Army by the Director-General of Stores, London were in future to be purchased through the agency of the Indian Stores Department, when such purchases had to be made in India under the terms of the new rules. During the year 1931-32 stores to the value of nearly half a crore which were previously purchased

*The total value of stores of all kinds purchased by Railways in India during 1930-31, the latest year for which the Administration Report has been issued, was about Rs. 18 crores of which about Rs. 10 crores represented the value of general stores (including locomotives, rolling stock, rails and permanent-way materials) which could be handled by the Indian Stores Department. Similar figures for the Army are not readily available.

abroad were purchased in India by rupee tender. We were informed that numerous contracts were placed in India direct with manufacturers and suppliers abroad and that no difficulties were experienced in negotiating these contracts or in their satisfactory execution.

Some reasons for the non-utilization of the Indian Stores Department.

25. We have carefully examined the various memoranda received from commercial bodies and individual firms and witnesses, official and non-official and have in certain cases pursued the matter in oral examination with them. It may be useful to the public at large and to the Indian Stores Department if we stated in broad terms what the alleged difficulties are which prevent the full utilization of the department by indenting authorities.

26. *Delay in supply.*—We heard complaints that the delay in making supplies through the Indian Stores Department was prohibitive. Such complaints are not peculiar to the Indian Stores Department. Mr. Ryan who was for some time Director General of the London Stores Department informed us that such complaints were also made against the London Stores Department but that on examination he had found that the majority of the complaints had been based on complete ignorance of commercial practice and was also due to misconception on the part of indenting officers of what could reasonably be expected of any stores purchasing organisation. It may be admitted that the officers of the consuming departments can in many cases obtain their supplies more quickly by going direct to a supplier in their locality but there is no shadow of doubt in our minds that in the long run the taxpayer will have to pay dearly for this so-called facility. The Indian Stores Department endeavours to purchase the articles demanded after calling for tenders in a way which ensures the widest competition. This naturally makes for some delay as time has to be given for advertisements to appear in the press, for tendering firms to obtain the necessary documents, prepare and submit their tenders, etc., but we are convinced that the interests of the taxpayer are best served by the adoption of this procedure. We were assured by the Chief Controller of Stores that complaints of delay received by his department were in all cases carefully examined and that steps were taken to prevent any avoidable delays. Such delays occurred in some cases owing to incorrect and insufficient details being furnished by indenting authorities. The majority of the complaints in India, as in London, were found to be directed towards the unavoidable delay due to the time taken to handle demands in a business like way and also the time taken for the best organised suppliers to manufacture and deliver many of the articles demanded.

27. *A suggestion for obviating delays examined.*—It has been suggested to us that delays in supplies can be obviated by giving more powers to the Controllers of Purchase at provincial centres. We have discussed the question of giving larger powers to provincial Controllers of Purchase with the Chief Controller of Stores. The Indian Stores Department is a central purchasing department and the principle underlying its creation was the advantage of purchases being made by one central authority. Any large decentralisation to local purchasing officers is opposed to this principle. Delegation to local purchasing officers of powers to purchase stores of an appreciable value might in some cases involve more than one Branch of the Indian Stores Department

competing in the market for the same supplies, whereas one of the main arguments in favour of having a central purchasing department was that it would to some extent prevent Government Department's buying in competition with one another. It would also deprive the Department of the opportunities to combine or standardize the demands so dealt with. Further, it might definitely prevent a purchase being made in the most suitable market as the market intelligence available in the provincial offices is confined mainly to local sources of supply. The direct control of the Chief Controller of stores over the placing of contracts of substantial value so dealt with would be removed, the advice of the highest technical officers attached to the Headquarters office would not be available and the local officers would have to decide questions of policy such as (a) the degree of preference to be given to Indian manufactures, (b) whether to advertise or call for limited tenders, (c) whether to consider late tenders or (d) tenders from firms not on the Approved List, etc., etc.,—matters which are of considerable importance in regard to large orders though of trifling importance in those of small value. For these reasons we are definitely of the opinion that except in respect of certain classes of stores, for instance, jute, it will not be economical, even though it may occasionally be more expeditious, to entrust purchases of any importance to provincial Purchasing officers. In the case of special stores which can be dealt with by local Controllers of Purchase, we find that they have already been given larger powers than their normal powers of dealing with indents direct. For example, the Controller of Purchase, Calcutta Circle, is authorised to deal with the purchase of jute goods up to Rs. 50,000 and with the requirements of the Telegraph Department up to Rs. 15,000 in each case. The Controller of Purchase, Bombay Circle, is authorised to purchase cotton yarn for the Jail Department, Bombay, up to Rs. 25,000 and the Controller of Purchase, Karachi Circle to deal with indents for mild steel section for which orders have to be placed elsewhere than at Calcutta or Bombay up to Rs. 15,000, while all these officers are ordinarily permitted only to receive indents not exceeding Rs. 10,000 and including items not exceeding Rs. 5,000 in the case of Calcutta and Rs. 2,500 in the case of Bombay and Karachi.

28. *Cost of articles purchased through the Indian Stores Department.*—Another complaint received by us related to the cost of articles purchased through the Indian Stores Department. It was alleged that purchases through the Indian Stores Department were not always cheaper than direct purchases by the consuming departments. It was further pointed out by one witness that consuming departments were able to obtain lower quotations from tenderers to the Indian Stores Department whose tenders had not been accepted, if the departments went to these tenderers direct instead of obtaining their supplies through the Indian Stores Department and that the loss to the taxpayer involved in insistence on purchases through the Indian Stores Department was unjustified. We may deal with the latter point first. We admit that after the tendered prices of the Indian Stores Department have been disclosed, it is open to any other purchasing department to bargain with the successful or unsuccessful tenderers and obtain from them lower prices than those tendered to the Indian Stores Department. In fact, we have information that this practice has been followed in certain cases. If this practice, which we deprecate very strongly,

is accepted as unobjectionable, it is only a question of time before the tenders (especially those against rate or running contracts) submitted to the Indian Stores Department will become of no value and the system of bulk buying will go by the board. What will happen then when no Indian Stores Department tender prices are available? The price controlling influence of the Indian Stores Department tender will be removed. Purchasing authorities outside the Indian Stores Department will have no price information based on competitive tenders to use to bargain with their own tenderers; the prices quoted to them will be hardened against them and the temporary advantage they pride themselves on obtaining by the adoption of the method of using the Indian Stores Department prices to force lower prices out of the tendering firms will be found to have been a very expensive and unwise one from the point of view of the State.

29. Now coming back to the general question whether purchases through the Indian Stores Department are economic, it is somewhat difficult to give a general answer to this question without specific instances, but we fear many comparisons between the prices paid direct by departments and those paid by the Indian Stores Department are not made on a strictly accurate basis. In many cases, the prices in the Indian Stores Department's rate contracts which include certain services, such as holding minimum stocks, holding prices good for a number of points of delivery, etc., are compared with prices tendered for a single supply of a definite quantity at one point of delivery. Then again, in many cases, these departments purchase articles conforming to an entirely different specification from those purchased by the Indian Stores Department. Obviously, there can be no strict comparison unless both buying authorities buy in the market at the same time for the same number of articles or quantity of material, conforming to the same specification and conditions of contract as regards contractors' liabilities, time and place of delivery, etc. Again, in many cases, the rigid inspection necessary to give an assurance of quality is a factor which has to be taken into consideration. In many cases inspection by authorities purchasing direct is in no way comparable with the inspection and tests applied by the Indian Stores Department. If the Indian Stores Department was prepared to lower the standard of quality, lower prices could be obtained, but by this there would be a great risk of serious loss of efficiency. Finally, we think that the system followed by the Indian Stores Department in publishing weekly the prices at which each purchase has been made reacts against the Department in some respects. These prices are available to all purchasing departments and instances have been brought to our notice where certain purchasing officers have used the Indian Stores Department's prices merely as a means to put pressure on their own contractors to lower down prices quoted by them.

30. Our general view on this question is that notwithstanding the fact that some instances may be forthcoming where lower prices are obtained direct (by fair means or otherwise) by purchasing departments, many examples can be given to show that but for the existence of a central purchasing Department these prices would not have been obtained and that in the vast majority of cases the prices quoted to the Indian Stores Department are on a keenly competitive basis. We think that great significance should be attached, in considering the question whether the Indian Stores Department does really

enable purchases to be made economically, to the fact that many perfectly independent consumers of stores, such as, Provincial Governments, Indian States, Company-managed Railways and municipalities have been satisfied that it is to their advantage to make use of the Indian Stores Department.

31. We have received complaints from many firms and dealers that the system of purchases through the Indian Stores Department has reacted unfavourably on their business and that they would prefer to deal direct with consuming departments. It is not unreasonable to believe that dealers look at such matters from a pecuniary point of view and that their principal point of view is that they do not make as much profit from dealing with the Indian Stores Department as they would otherwise make. We consider this to be an argument in favour of the efficiency of the Indian Stores Department.

32. *Rate and running contracts.*—It has also been argued by a few witnesses - that from a theoretical standpoint, the system of rate contracts under which the supplier is required to supply an indefinite quantity of goods over a fixed period at a fixed rate should lead to suppliers quoting higher prices than they would if the quantity of goods to be supplied were fixed within reasonable limits. We examined the Chief Controller on the question of contracts. We found that the Indian Stores Department enters into various classes of contracts :—

First, a *definite contract* for the supply of a fixed number of articles or quantity of materials by a definite date.

Second, a *rate contract* which provides for the supply over a definite period at one or more places in India of certain classes of articles or materials at a flat rate or range of rates for various places in India. In certain classes of stores provision is also made in these contracts whereby the contractor is under obligation to maintain certain minimum stocks at various centres convenient to the sellers and users. In other words, one of the objects of the rate contracts is to ensure that supplies will be readily available when required by using Departments and so avoid the State locking up large sums in reserve stocks. This is a great advantage as using Departments can reduce their stock balances to a minimum. In view of the advantages obtained from the rate contracts, we consider that any small additional price which may be quoted for supplies under this system of contract is fully justified by the savings in other directions and service obtained.

Third, a *running contract* under which definite quantities are stated but the purchaser reserves the right to purchase only up to 75 per cent. of the quantity specified or on the other hand to call upon the contractor to supply up to 25 per cent. above the quantity specified.

We are satisfied that the Department's system of contracts has been designed to meet various possible conditions. The type of contract entered into is determined by the class of stores to be purchased and the requirements

and interests of the using Departments. The main difficulty in adopting the running contract system for all purchases other than specific demands is the difficulty which using Departments have in forecasting their actual requirements even approximately to ensure that there will not be a heavy liability (and probably heavy expenditure to Government) owing to the actual demands against the running contract falling short of the minimum quantity or number specified.

33. Standard specifications and increased cost.—It has been suggested by some witnesses that standard specifications are framed by the Indian Stores Department in order to facilitate their purchases but that such specifications tend to establish monopolies and to increase the cost of articles purchased. We have gone carefully into the work done by the Indian Stores Department in regard to specifications. The specifications framed by the Department are subject to constant revision. Many have been revised several times since the time they were framed. The specifications of the Department, particularly those relating to technical plant and equipment, have been framed in such a way that full advantage can be taken of new inventions and developments. We reproduce below a clause in one of their standard specifications for the supply of plant and machinery.

“Deviation from the specification.—Should a tenderer desire to depart in any respect from the provisions of this specification, either on account of manufacturing practice or for any other reason, he must specifically bring the matter to notice in his tender in the form of a covering letter explaining in detail each and every departure he proposes to make from the specification. Manufacturer's standard specifications for the plant or component parts of the plant may be submitted, but all discrepancies must be clearly drawn attention to, both in the covering letter referred to above and in the schedule and appendices which have to be filled in by the tenderer. The intention is to adopt manufacturer's standard equipment as far as possible but these standards must in all respects, comply with the conditions of this specification as regards safety from break-down, output, capacity, performance, etc., and must pass the tests specified.”

It will be seen from the above that full liberty is given to tenderers to deviate from the specification in order that they may put forward their standard manufactures, thus enabling the Indian Stores Department to take full advantage (if economical to do so) of any recent development which may have taken place in any particular line of manufacture. We may in this connection justly commend the vigilance exercised by the Indian Stores Department in scrutinizing the existing specifications for stores purchased for public services in India so as to ensure that no features are permitted to remain in such specifications which tend to take the supplies out of the hands of manufacturers in India.

34. Alleged lowering of standard.—It has been urged by a few witnesses that the publicity given to quoted prices results in absurd competition and progressive lowering of standard. We are aware that in many commercial quarters views are held that the publicity given to quoted prices results in harmful competi-

tion and lowering of standard of prices. There is certainly some force in these views but we are definitely of the opinion that the publicity given to the transactions of the Department has many advantages in other directions which should not lightly be given up. We understand that representations against the system were received some time ago from certain commercial interests and that the question was referred to all the Chambers of Commerce and commercial bodies and that although, as usual, conflicting views were expressed, the weight of the opinion was in favour of the continuance of the present system. We were informed by the Chief Controller of Stores that the result of the reference to the commercial bodies was reported to the Government of India and that it was decided that no change should be made. We may add that the question was also debated at a meeting of the Associated Chambers of Commerce and the voting on the resolution clearly showed that there was a very strong and influential section of the commercial community in favour of the continuance of the present system. It may be mentioned in this connection that the Army Retrenchment Sub-Committee after examining the Director of Army Contracts and the Chief Controller of Stores, Indian Stores Department together came to the conclusion that the present methods followed by the Army Department of keeping tenders and accepted prices secret should be abandoned in favour of the more open methods adopted by the Indian Stores Department. We quote below the relevant recommendations of the Army Retrenchment Sub-committee:—

- (i) all contracts of Rs. 10,000 and above should be by open tender ;
- (ii) all calls for tenders over Rs. 10,000 should be published in suitable vernacular as well as in English papers ;
- (iii) lists of approved contractors should be published ; and
- (iv) lists of accepted tenders in case of local purchase should also be published.

35. *Considerations of freight to consuming departments.*—It has been stated by one Railway administration and by the Army Department that in placing combined orders it is not possible to take into exclusive consideration freight charges to each consuming department. For example, it has been suggested that while certain goods may be ordered by the Indian Stores Department from Calcutta, it may be more economical to a consumer at Lahore to order locally even at a somewhat higher price if the increase in price is less than the freight charges from Calcutta. We have carefully examined this question in consultation with the Chief Controller of Stores. When dealing with tenders and settling contractors, we were assured that the Indian Stores Department always take into consideration the freight charges to the destination of the supplies. In the case of some of their rate contracts it may, however, happen that a flat rate contract, i.e., a contract in which common rates are accepted for supplies to any part of India is more economical to the State as a whole although the rate to individual consumers in a particular area may be less favourable than those obtainable if a specific purchase was made for them. We were told that one or two instances had been brought to the notice of the Indian Stores Department where stores for a particular Railway administration were ordered from suppliers at some distance from the consumers' destination involving some inconvenience owing to the time taken in Railway

transit. We were informed that steps had been taken to avoid this in future. We examined in this connection a copy of a typical Rate Contract for soft soap and bar soap, which are articles in common demand by various using Departments. We found that the contract had been divided between three contractors and that different areas had been allotted to each contractor. This procedure had been adopted with a view to removing any cause for complaint about delay in transit and higher Railway charges from any supplier in any particular area. Incidentally, the procedure is in our opinion an effective safeguard against giving any firm the monopoly of supply.

36. *Procedure in dealing with tenders.*—Some vague dissatisfaction has been expressed by some witnesses regarding the procedure followed by the Indian Stores Department in dealing with tenders. We have endeavoured to make ourselves fully familiar with the methods and practices of the department and it may help to dispel popular ignorance if we described them. To a large extent the system in force in the Indian Stores Department in dealing with many of the tenders received is in essentials the same as in any well organised State purchasing organisation. Tenders amounting to Rs. 5,000 or over in value are opened in public in the presence of representatives of tendering firms who may attend for the purpose. The tendered rates of all tenderers are read out by the purchasing officer dealing with the case and the tenders are initialled by him. After the tenders have been opened an abstract of prices, if one is considered to be essential for the proper disposal of the case, and in the case of technical plant and machinery a statement of technical details are prepared by the Branch concerned. These abstracts, together with all tenders, are submitted to the purchasing Branch officer who scrutinizes each tender in detail. The opinion and advice of the Inspection Branch is sought in all cases in which technical questions are involved. Cases which present any unusual features or are in any way abnormal, although the value may be small, are referred to the senior purchase officer and the Chief Controller before a final decision is arrived at. Whenever the Indenting Departments so desire, tenders are submitted to them with the Department's explanatory notes and recommendations before the final decision to accept any particular tender is made. In certain cases, relating to Railway supplies, the Railway Board is consulted before tenders are decided. It will be observed from what we have stated that in regard to all important tenders every endeavour is made to ensure that no point is overlooked.

37. *Tender Committee.*—There is, however, one feature in the existing procedure which has been somewhat strongly criticized by several witnesses, namely, that in a large number of cases the decision in regard to the placing of contracts is that of a single authority competent to effect the purchase. It has been stated before us that this practice is at variance with that followed by some of the most important manufacturing houses in the United States and elsewhere and by the Federal Purchasing Board of the United States, who submit the tenders received in response to an invitation for the decision of a Committee composed of the heads of all the consuming departments and a representative of the Finance Department. We were informed that on the East Indian Railway, for example, there is a tender committee consisting of 3 members, viz., the Senior Deputy Agent, the Controller of Stores and a senior officer of the Accounts Department. One key of the Tender Box is kept by the

Senior Deputy Agent and the other by the Accounts Officer. The tenders are taken out of the box and opened in the presence of all the members of the Committee and the most suitable tender is accepted. If the tenders in any particular case relate to the purchase of any mechanical stores such as machinery, etc., a representative of the mechanical department is deputed to assist the Tender Committee in the examination of the tenders and the selection of the most suitable one. If this is likely to take some time, the Committee meets again after the examination is completed and accepts the most suitable tender. We were told that no practical difficulty is experienced in following the above procedure.

38. We have had valuable discussions on the subject with the Chief Controller of Stores, Indian Stores Department, who has had experience of the working of Tender Boards and committees in other countries. He assured us that the system in force in the Indian Stores Department is in many respects much in advance of any method of dealing with tenders by means of a committee. He has no objection to the principle underlying the Tender Board proposal but his chief objection is based on the delay which will arise in disposing of the business of the Department and also the additional responsibility for efficient operation of the Department which may fall on the Head of the Department. To illustrate the difficulties in regard to the first part, he furnished us with a list of tenders due from the 16th September 1931 to the 28th October 1931 in one Branch of the Department, namely, the Branch dealing with Engineering plant and equipment ; this list is reproduced below :—

Engineering Branch Tenders.

File No.	Article.	Date of opening.
12582	Electric roof fittings for N. W. Railway ..	16th September 1931.
12601/3	Insulators for Controller, Telegraph Stores ..	Do.
12601/4	Copper wire	17th September 1931.
12567	Alkaline Batteries	18th September 1931.
8617	Trolleys, motor	18th September 1931.
12637	Positive plates	20th September 1931.
12594	Multi-stage Turbine pump	22nd September 1931.
12581	Kent Coupler or similar	25th September 1931.
12624	Transformers for E. I. Railway	29th September 1931.
12638	Switchboard for M. E. S.	30th September 1931.
12521	Electrical equipment for M. E. S.	2nd October 1931.
12568	Railway Carriage fans	Do.
12632	Travelling Crane for M. E. S.	7th October 1931.
12652	Road Rollers for M. E. S.	8th October 1931.
12631	Transformers and Motor for E. I. Railway ..	13th October 1931.
12397	Wagon landing stage for Burma Railways ..	14th October 1931.
12614	Wagon ferry flat for Burma Railways ..	20th October 1931.
12355	Electrification of Koweit Agency Bushire ..	28th October 1931.

He observed that tenders were due almost every day from the 16th September to the 28th October. He added that this would mean that the Tender Board

would with breaks of only a day or two have to be in continuous session throughout the period. The settlement of many of the tenders in his opinion was not a matter of hours as some tenders took up several days in the careful examination of technical and other considerations. He said that he could not at the moment clearly visualise how the tender committee would be able to discharge its obligations to the head of the Department particularly in handling technical stores, nor could he see how the head of the Department would be able to hold any individual officer personally responsible for any serious delay in supply or defective supply, if the matter had been decided by the tender committee. The only way that the Chief Controller could satisfactorily discharge his obligations to indenting Departments would in his opinion be by nominating himself a member of every Tender Committee. This, he feared, was practically impossible. He considered that a Tender Board would function satisfactorily if its duties were confined to dealing with large demands which could be made the subject of annual tenders. If notwithstanding what he had stated we felt that important tenders should be dealt with by a committee he suggested that, to begin with, the committee should only deal with tenders of substantial value, say Rs. 50,000 and over.

39. We admit that there is considerable force in the observations of the Chief Controller. We cannot make any recommendation which will have the effect of taking away the final responsibility from off the shoulders of the Chief Controller. We are satisfied that in the large majority of cases, the decision regarding the placing of contracts is arrived at by the Purchasing officer only after consulting either the Inspection branch or the Indenting officer or in doubtful or unusual cases the next higher authority on the purchasing side. In the few remaining cases where the decision is that solely of the single Purchasing officer, we understand that the lowest tender is ordinarily accepted or if there are any special reasons for accepting any tender other than the lowest, the reasons have to be recorded by the deciding authority and are available for scrutiny by the head of the department and by audit. We were, however, told that the audit officer used to conduct his examination of the purchase files months after the completion of the purchase transactions, and that this *post mortem* examination was generally barren of any fruitful result, the audit officer's criticisms on utterly dead files being valueless as rules of guidance owing to constantly varying conditions of purchase. We agree with this criticism which has also been appreciated by the Department. On the introduction of rupee tender rules orders were issued that purchase sections of the Department should send unofficially to the audit officer all files relating to important purchases (*i.e.*, those exceeding Rs. 25,000 in value) as soon as the purchase order is placed. As an additional precaution we recommend that in cases where the purchasing officer decides the question of acceptance of tenders on his own responsibility without consulting either the Inspection Branch or the indenting department, he should refer the matter to the next higher authority on the purchasing side except when the lowest tender is accepted. We further recommend that in cases of exceptional or large tenders involving considerable expenditure of public money arrangements should invariably be made for obtaining the advice of the indenting departments and if possible of the Finance Department of the Government of India.

40. *Headquarters of the Indian Stores Department.*—It has been suggested to us that the location of the headquarters of the Indian Stores Department at Simla and Delhi causes inconvenience to suppliers whose representatives have to undertake a costly and arduous journey to go there. We do not consider that there is any substantial foundation for this criticism. The headquarters of the Department has to be somewhere. If it is located at Calcutta, the firms in Karachi and Bombay will have a grievance. Similarly, if it is located in Bombay, the commercial people at Calcutta will have a like grievance. This difficult question was fully considered by the Government of India when the Department was constituted and after prolonged consideration it was decided that the balance of advantage lay in locating the Department at a *neutral* place, like Delhi or Simla.

41. *A general argument against centralised purchases examined.*—Some of the departments which have not yet completely handed over their stores purchase work to the Indian Stores Department have suggested that in a scheme of centralized purchases, small traders tend to be excluded, though it may be possible to obtain more economically from the small trader for individual small requirements. It has therefore been argued by them that in order to reduce the expenditure on the total of the Government requirements to a minimum, it is necessary to have more than one large buyer in the market. The Railway Retrenchment Sub-Committee has, in this connection, uttered a note of warning against “the risk of the system of bulk and centralised purchase resulting in giving an advantage to the foreign manufacturer who has the benefits of mass production and can usually quote better terms than the indigenous manufacturer who usually manufactures on a small scale, and in preventing new firms from getting a footing in the market, thus leading to the formation of a combine”.

42. In the first place we may observe that the Indian Stores Department has, on its list of approved suppliers, traders, large and small. The small traders when they are able to quote the lowest satisfactory prices, obtain their share of the orders placed by the Department. Our attention was drawn to the figures given in Appendix VII of the latest administration Report issued by the Indian Stores Department which show that the system of purchase followed ensures that contracts are widely distributed throughout the country. We are unable to accept the contention that it is necessary to have more than one large buyer in the market in order to secure for the State the minimum expenditure in the purchase of its requirements. We are convinced that the bulking of demands which enables substantial orders to be placed with the lowest satisfactory tenderers (but not necessarily one tenderer only) is the only method which gives a reasonable assurance of obtaining the requirements of the State at all round economical prices. It is by the bulking of demands that substantial orders for manufactures can be placed which would enable manufacturers to lay out a definite programme of manufacture in their factories and thus reduce their manufacturing costs to the lowest possible limit.

43. In the second place no specific complaints of undue preference to foreign manufacturers have been brought to our notice. We may explain that the Indian Stores Department is not empowered to discriminate in favour of firms of any particular nationality and that no preference in making purchases is shown to Indian or European firms. Preference in making purchases is on the

other hand given on the basis of the country of manufacture, that is to say, articles wholly or partly manufactured in India are given preference over articles which are imported from abroad. For instance, if two manufacturing concerns, one Indian owned and the other owned by non-Indian interests, both established in India and engaged in manufacture of paints and varnishes submitted tenders for paints wholly produced in India, the order would be placed with the firm who submitted the lowest satisfactory tender. On the other hand, if one of the firms submitted a tender for paints some of the ingredients of which were of foreign origin, the rules require a measure of preference to be shown to the tender of the other firm if all the materials were of Indian origin, consistently with efficiency and economy.

44. *Price preference of goods wholly or partly manufactured in India.*—It may be useful if in this connection we explained somewhat fully the system of price preference to Indian manufacturers in force at present. We invite the attention of the public to the preamble to the Rules for the Supply of Articles required to be purchased for the public service. It will be observed that Departments of the Government of India or officers specially authorised in this behalf may, when they are satisfied that such a measure is justified, allow a limited degree of preference in respect of price to articles produced or manufactured in India either wholly or in part. A proposal was submitted to Government by an officiating Chief Controller of Stores that the Head of the Stores Department should be authorised to grant definite degrees of price preference. As each case must be considered on its own merits, it was decided that no fixed percentage of price preference would meet the circumstances of all cases.

Although the degree of price preference that may be allowed to Indian products has not been specifically provided for in the rules and although the power in this regard has been retained entirely in the hands of the Government of India, the Government of India in the Department of Industries and Labour have, we understand, issued instructions for the guidance of officers in which they have defined in broad lines the reasons which would justify the grant of price preference. It may perhaps be considered a flaw in the present system of price preference that no powers have been delegated to purchasing officers to give any preference to Indian products. So long as the Indian Stores Department is an agency department purchasing on behalf of other departments, and so long as the responsibility for providing the funds to finance purchases is laid on these latter departments, we think it is essential that before the Indian Stores Department grants price preference in any particular case, the concurrence of the indenting department to the additional expenditure should be obtained. Under the existing rules this concurrence has to be given by the Government of India in the administrative department and, we understand, that in order to co-ordinate action to be taken in this matter by the different departments of the Central Government it has been decided that the administrative departments should, before passing final orders in regard to price preference, consult the Government of India in the Department of Industries and Labour. We do not therefore find fault with the existing system; but we wish to suggest to the Government of India in the Department of Industries and Labour that it should consider whether with a view to implementing the policy of the Government of India in the matter of encouraging the development of the

industries of the country to the utmost possible extent consistent with economy, and efficiency some periodical report should not be called for from the purchasing offices and departments regarding the action taken by them during the year in the matter of giving price preference.

It may be relevant to mention here that we examined the representatives of the Railway Board on the question whether as a body working on commercial principles they looked only at the financial aspect of a purchase or gave any consideration to the question of development of Indian industries by giving price preference in accordance with the conditions laid down by the Government of India. We were informed that the Railway Board followed exactly the same rules as the other departments, that their policy was definitely to encourage Indian industries and that for this purpose they always considered whether price preference should be given to articles of indigenous manufacture. The Chief Controller of Stores informed us that in his experience he found that the Railway Board were just as anxious as any other department of Government for the development of Indian industries and that he had no difficulty in obtaining their consent to giving preference to articles of Indian manufacture whenever he considered it justifiable to recommend a price preference.

45. *Delay in payment of bills of suppliers.*—Several witnesses suggested to us that under the scheme of purchases through the Indian Stores Department, payments of dues to suppliers, which is an important factor in the encouragement of Indian industries and manufactures, is not made as quickly as under the old system of direct purchase by the consuming departments from suppliers. We have carefully investigated the suggestion in consultation with the Chief Controller and we explain below the present procedure followed in regard to payments. The system of payments adopted by the Indian Stores Department is unique and places the suppliers to the Indian Stores Department in a distinctly more favourable position than suppliers to many other Government departments. Payments for supplies to Government are generally made after receipt, verification and inspection of stores by the consignee at the station of destination. Not only so, but in many cases security deposits are demanded from suppliers for due fulfilment of contract. Large sums of money are thus locked up until the contracts are completed. Except in very special cases, no security deposits are demanded by the Indian Stores Department from the contractors with whom orders are placed. A substantial portion of the cost of stores, generally 90%, is in most cases paid on proof of despatch of stores from a station in India after inspection. The supplier is thus ensured of payment of the bulk of his dues in many cases even before the stores are received at destination. Complaints regarding delays in payments almost invariably relate to the final bills which are paid after verification by consignees. Such complaints are on receipt examined by the Indian Stores Department without delay and all possible steps are taken to settle outstanding claims. Circular letters have on more than one occasion been issued by the Department to all authorities utilising its services, bringing to their notice the desirability of expediting the transmission of bills for supplies arranged by the Department, to the Audit Officer, Indian Stores Department, for audit and payment. At the request of the Indian Stores Department instructions on these lines have also been issued on the subject by the Government of India to various local Governments, Administrations and Central Departments.

Standing instructions have been included in the bill forms in use in the Indian Stores Department requiring the suppliers to report all cases of delay of more than three months in respect of payments of their bills and the officers of the Department receiving such complaints are required to investigate them immediately. In addition to the measures explained above, we understand that a docket form has been recently introduced to accompany all bills, on which the Inspectorate and consignees, through whom the bills pass, are required to note the date of receipt and disposal thereof, together with reasons for delay, if a bill is not promptly dealt with. It has been arranged that the Audit Officer, Indian Stores Department, will forward the dockets indicating serious delays to the Indian Stores Department at headquarters for investigation.

46. *Departmental charges, the chief obstacle.*—We have dealt in the preceding paragraphs with most of the obstacles which have been brought to our notice as standing in the way of more extensive utilisation of the Indian Stores Department. It will be seen from what we have stated above that we do not consider that any of the considerations put forward can seriously stand in the way of departments of the Central Government utilising the services of the Indian Stores Department. The real reason for the reluctance of several large consuming departments to entrust all their purchasing business to the Indian Stores Department seems to lie in the levy of the departmental charge by the Indian Stores Department. For example, the Railway Department has to maintain a large staff for the receipt and distribution of stores and for their watch and ward. It is argued that the addition of stores purchase to the other business of the existing stores organisations of Railways would cost the railways much less than the departmental charge of one per cent. now levied for purchase and one per cent. for inspection. Similarly we were informed by the representatives of the Army Department that the volume of business given by that department to the Indian Stores Department would be increased if departmental charges were abolished.

Our conclusions.

47. Having examined very carefully the evidence both written and oral placed before us by the important Chambers of Commerce, many commercial firms and several individual witnesses and having discussed the various aspects of the question with representatives of the two large consuming departments of the Government of India, we have come to the unanimous conclusion that it is in the interests of the general taxpayer that the purchase and inspection of stores for the public service in India, except stores of a specialised nature, should be carried out by a central Stores Department which is expressly and properly organised for the purpose, which is known and represented in all the chief business centres, which will purchase stores where possible by straightforward competitive tenders, which will operate on a large scale in the full limelight of publicity and which, exposed to constant criticism both from the consumers on the one hand and the suppliers on the other, will ensure reasonable price and suitable quality to consuming departments. It is now nearly ten years since the department was established and during this period it has been following a policy of peaceful penetration and trying to increase custom by winning the confidence of other departments. The results of our enquiry

have shown beyond a shadow of doubt that broadly speaking the department has established its reputation for economical purchase and expert inspection. We think it is rather unfair to the department that it should continue in a state of perpetual trial and we think that the time has now come for Government to issue definite orders that all stores, other than stores of a specially technical nature, required by any department of the Government of India should in future be purchased through the Indian Stores Department. This is subject to our recommendation in the interim report of the 11th September 1931 that small orders under Rs. 250 should not be sent to the Indian Stores Department except in the following cases :—

- (a) Articles for which the Indian Stores Department have rate or running contracts;
- (b) Articles of a special or unusual character which indenting officers find difficulty in purchasing themselves; and
- (c) Articles required by indenting officers situated in localities where there are no facilities for purchasing.

48. In connection with the complete centralisation of the purchase of stores for public departments of the Central Government, it has been suggested to us that a Stores Committee should be established consisting of the Secretary in the Department of Industries and Labour, the Chief Controller of Stores, a Member of the Railway Board, the Quarter Master General and one member each from the Central Legislature. In our opinion the Government of India will find the assistance of such a committee, including representatives of their two big consuming departments, to be of very great value in facilitating the successful inauguration of the new policy which we have recommended. We therefore strongly support the suggestion for the appointment of the advisory committee on the lines indicated and desire further to add that this committee should be presided over by the Member in charge of the Department of Industries and Labour as we attach considerable importance to the Member keeping himself in close and continuous touch with the working of the Indian Stores Department. The functions of the Committee will be to advise the Government of India on all important matters affecting stores purchase and to review from time to time how far the policy of Government in regard to stores purchase and the recommendations of the various committees appointed by them are being given effect to. We consider too that this committee should be constituted as early as possible and should meet as often as may be necessary.

49. With a view to make it easy for departments of the Government of India to fall in with our proposals for compulsory purchase through the Indian Stores Department, we recommend that the levy of departmental charges by the Indian Stores Department from departments of the Central Government should be abolished. This recommendation is only a reiteration of an identical recommendation made in 1920 by the Stores Purchase Committee in paragraph 96 of its report. In our opinion the cost of the Stores Department should be a general charge on public funds in the case of all Central Government purchases. Our reasons for recommending the abolition of the departmental charge are :—

(1) The Government of India have already accepted the principle of lowering the departmental charge in order to increase business by agreeing to the introduction of a sliding scale of charges in respect of purchases by Railways.

(2) Even at present, departmental charges are not levied on non-commercial civil departments of the Central Government which are entitled to the services of the Indian Stores Department without charge.

(3) The London Stores Department does not levy any departmental charges in respect of purchases for the Army Department, one of the two big consuming departments in India whose custom the Indian Stores Department has been soliciting for a long time. We cannot appreciate the reasons for this difference in the treatment and we wish to point out that this, in effect, only stultifies the stores policy of the Government of India.

(4) The idea that the Indian Stores Department should be self-supporting and that the Government should satisfy themselves that this condition is fulfilled by comparing the expenditure of the department with the receipts from the departmental charges levied including *pro forma* receipts from departments which are not subject to the payment of the charge is in our opinion misconceived. In the first place it has been pointed out by an important Indian Chamber of Commerce that no business concern would be satisfied with so low rate of remuneration as one per cent. on the value of stores purchased or inspected. We observe from the last Administration Report of the London Stores Department that the rate of commission charged by that Department has been recently raised. The present scale of departmental charges in India are not based on any scientific principle and in fact we understand that a very laborious method of calculation of departmental charges recommended by a firm of chartered accountants was deliberately abandoned as it was considered that it would involve additional expenditure to Government on the maintenance of proper accounts. If the present flat rate of 2 per cent. were raised to 3 per cent. (1½% for purchase and 1½% for inspection) the loss in the working of the department during the year 1931-32 would have been reduced by Rs. 6 lakhs. In the second place the profit and loss statement which is now annually prepared in order to show the financial position of the Indian Stores Department gives to our mind an incomplete picture of the financial results of that department. As pointed out by the Chief Commissioner of Railways in his evidence before us a correct picture of the financial position can only be obtained if on the receipt side of the account credit is taken for the large saving in the expenditure budget of consuming departments on the cost of stores purchased through the Indian Stores Department. We are convinced that if this is done, the department far from showing a loss will show a profit. We should go further and say that an account drawn up in this form would still be incomplete as it is impossible to assess in rupees, annas, pies the value of the services rendered by the department in connection with the promotion and encouragement of Indian industries. In the third place we are of the opinion that the object of the *pro forma* profit and loss statement of the Indian Stores Department has been misunderstood by all concerned. We consider that its real object lies in its informing the Chief Controller of Stores, as General Manager of a huge stores purchase organisation, of the comparative results of the working of the organization from year to year and of the steps it is necessary for him to take in order to pull up any deterioration in the working results. It seems to us that for this purpose it is enough if a *pro forma* credit is taken in the annual account

as that would bring into the picture a comparison between the volume of work handled and the expenses incurred. We are glad to observe that the expenditure of the departments is being constantly reviewed by the Chief Controller and that necessary steps are taken to effect economies wherever possible. Since the recommendations for retrenchment were made last year he has replaced the post of Assistant Controller of Inspection at Karachi by an Inspector-in-Charge, securing in an average saving of about Rs. 4,000 per annum. We understand that he has also submitted to the Government of India proposals for the abolition of the post of Chemist at Jamshedpur and for a reduction in the rate of bicycle allowance granted to certain subordinates and clerks attached to the Metallurgical Inspectorate. These measures are expected to result in an average saving of Rs. 7,000 per annum. Mention should also be made of a further saving of Rs. 30,000 which is proposed to be effected by reducing the calls made on the Director-General, India Stores Department, London, for inspections in the country of origin. A post of Assistant Engineer has also been kept unfilled, giving a saving of about Rs. 10,000 per annum approximately.

We should like in this connection to express our indebtedness to the various Public Accounts Committees in the past whose careful examination of the annual profit and loss accounts of the Indian Stores Department has been responsible in no small degree for bringing to a head the important questions of the utility of the Indian Stores Department and the stores purchase policy of Government. Although their examination is conducted after the money has been expended it has none the less been of very great value; it has brought out the weaknesses in the present system and the remedies which have been suggested in consequence will result in incalculable benefits to the country in the future. We are of the opinion that the Public Accounts Committee should continue to examine the annual *pro forma* account of the receipts and expenditure of the Indian Stores Department and that it is in the interests of the taxpayer that the Committee should continue to scrutinise the propriety and usefulness of all classes of expenditure in the Indian Stores Department and act as a check of all wasteful expenditure in the department. We hope that this scrutiny by the Public Accounts Committee combined with the original and jealous scrutiny by the Standing Finance Committee of all proposals for new expenditure in the department will ensure that the department is run on sound and economic lines.

50. We wish to couple our important recommendation for the compulsory utilisation of the Indian Stores Department for the purchase of all general stores required for the public service with an equally important recommendation, that in order that the Indian Stores Department should fulfil successfully its role as the Chief purchasing and inspecting agency of Government it is absolutely essential that the Department should be equipped with a fully qualified and expert staff both on its purchase and inspection side, which will command full confidence of indenting authorities. Not only should the staff be experienced and competent but should continue to enjoy a reputation for honesty and integrity. The purchasing and inspecting branches are counter-parts of each other and the fairness, efficiency and experience of one branch lightens the work of the other besides considerably adding to the efficiency of the service to the indenting departments.

51. We should like to draw attention in this connection to a large number of qualified specialists employed in the department consisting of Metallurgists, Engineer Physicists, Chemists, Electrical Engineers, Mechanical Engineers, Structural Engineers, General Engineers, Wagon and Rolling Stock specialists, Textile specialists and Specialists in foundry work. We do not think any other department in the Central Government, except probably Railways as a whole, has in its personnel the same range of specialised training and experience. We commend to the Government of India for their serious consideration that it is a great loss to the taxpayer that a department so well organised and equipped should not be made use of to its full capacity.

52. The emphasis that we have laid on the selection of the best qualified experts for the department leads us to the consideration of the question of the methods of recruitment to the department. Both from the point of view of economy and of ensuring better touch with the Indian industries and manufactures it is necessary that the department should be staffed with Indians. The present position in regard to Indianisation is given in Appendix V in a note submitted by the Chief Controller of Stores. We are satisfied that the policy of Indianisation is being pursued by the Department. The Government of India have accepted the recommendation of the Stores Purchase Committee that whenever suitably qualified men are available in India to fill vacancies in the Stores Department priority should be given to Indians or statutory Indians. We recommend in this connection that whenever it is found necessary in future to recruit Europeans owing to the absence of qualified men in India, such Europeans should be recruited on special terms for a strictly limited period and it should be made clear to them at the time of their appointment that their employment in the Department will terminate on the conclusion of their agreement. Steps should be taken simultaneously to ensure that a qualified Indian will be available to take over the duties of the European Officer on the termination of the employment of the latter.

As regards the actual recruitment to the department, this is now being done through the Public Service Commission. Whenever there is a vacancy, it is notified to the Public Service Commission which proceeds to call for applications from persons possessing the necessary qualifications. As the appointments in the department are very technical, the Commission requisitions the services of a representative of the Indian Stores Department to sit as an assessor with them. We were informed that this system has on the whole worked well and that the recruits obtained through the Public Service Commission have been quite satisfactory.

This is perhaps the place for us to offer a suggestion that when the time comes for considering the question of a successor to the present Chief Controller of Stores—about whose ability, integrity and wholehearted effort to improve the department we have received testimony on all sides—the Government of India should make every effort to select an officer possessed of the same outstanding ability and experience and actuated by the same enthusiasm for the promotion and encouragement of Indian industries and manufactures.

Our recommendations on certain miscellaneous matters.

53. Before we conclude we wish to make certain recommendations in regard to a number of miscellaneous matters.

(1) It has been suggested to us that there is a clause in the existing rate contracts which allows freedom to the Indian Stores Department to obtain competitive tenders for any order in excess of a specified amount and that this clause causes hardship to suppliers who, to meet this, quote higher prices. We have considered this suggestion very carefully and we have gone into the history of this stipulation in the contracts. This stipulation is not entirely in the interests of the Indian Stores Department but affords an equal benefit and protection to the suppliers. It gives to contractors, if conditions so warrant it, an opportunity to replenish stocks without damaging the interests of their general customers and thereby damaging their goodwill. The rate contracts are generally confined to articles in general demand and the requirements of the Stores Department against them are much below the requirements of the general consumer. It is, therefore, only reasonable that the Department should not call upon a supplier to deplete his stocks by placing an abnormally large demand to an extent which will prevent his meeting with reasonable promptitude the demands of his general customers. In certain cases the Department confers a similar right upon the contractors of refusing to supply if they so desire, demands of greater value than the specified amount, without the Department submitting the demand to open competition. As a general rule, the rate contracts have been designed to meet, what one may call, normal sized indents. If a very large demand for any particular class of articles or materials is received, keener prices may be obtained by submitting the demand to competition outside the rate contract and it is to allow this to be done that the stipulation has been included in the contracts. We were informed that a similar stipulation is made in the rate contracts of the War Office, London, the Secretary of State reserving to himself, thereby, the right of submitting to open competition orders valued more than a specified amount.

(2) It has been recommended to us by one Chamber of Commerce that the registration of firms by the Indian Stores Department should be entrusted to a non-official advisory committee. We foresee difficulties in the practical working of such a committee and also the possibility of additional expense. At present demands for registration are received almost daily. If every demand for a registration is to be dealt with by the advisory committee, that body will have to be almost continuously in session if delay and hardship to the applicants is to be avoided. We consider the present procedure is entirely suitable and makes for expeditious disposal of all applications. Under the existing system, firms desiring registration are given a form to complete. In this form full information of the firm's capacity to give service is stated. Also references to past service rendered to other Departments or purchasing authorities are given. On receipt of this form in the headquarters office the Indian Stores Department calls upon the local officer of the Department to inspect and report on the firm's works or premises. The Department also makes enquiries from the parties given as references as to how orders or contracts placed by them on the firms concerned have been handled. If reports received indicate that the firm is one deserving registration, their name is brought on to the Indian Stores

Department list forthwith. Aggrieved firms have the right to appeal to the Chief Controller as Head of the Department against a decision to refuse registration. If they are not satisfied with his decision, it is open to them to appeal to the Government of India. Any firm registered or unregistered can tender for any supplies for which tenders are invited by public advertisement. If the tender of an unregistered firm is *prima facie* satisfactory, a trial order would be placed with them after such enquiries as are considered necessary and if they satisfactorily carry out the obligations under their contract, they would automatically be brought on to the list of approved contractors. We do not therefore consider that an advisory committee would make the system any more perfect, but if there is a strong feeling on the part of commercial firms in favour of the proposal, we are assured that the Chief Controller will do everything possible to facilitate its working.

(3) One firm of contractors has made a suggestion that firms of standing should be allowed to compete for all the requirements of the Indian Stores Department whether the firms are stockists of those goods or not. The demands received in the Indian Stores Department are dealt with either

- (i) by advertising in the Press, or
- (ii) by issuing limited tenders, or
- (iii) by issuing a single tender.

All important demands, that is those amounting to Rs. 5,000 or above, are, as a rule, advertised, when time permits. All firms whether manufacturers, stockists, dealers or neither, and whether registered or not, are allowed to compete for the demands falling in this category. Limited tenders are issued to selected firms in the case of demands which are not advertised. The selection is, of necessity, confined to firms dealing in the particular class of stores required and known to the Department as reliable suppliers thereof. Single tenders are issued in rare cases to meet urgent or petty demands of a proprietary character. In the case of the two latter categories of tenders, it is necessary for obvious reasons to restrict enquiries to firms who are registered for the supply of stores in demand. It is not an essential condition of registration, however, that the firm must hold stocks, though firms holding stocks obviously get when demands are urgent a measure of preference, over those who do not, in the distribution of orders. In these circumstances we do not wish to make any special recommendation on the subject.

(4) One association has pointed out that the specifications for many of the goods required by the Indian Stores Department are such as discourage Indian made goods and has suggested that the specifications of all the goods should be thoroughly overhauled. We have referred in a previous paragraph to the important question of specifications. We are not aware that any of the specifications in use in the Indian Stores Department are such as discourage Indian made goods. We were assured that the specifications in use in the Department were constantly being examined, mainly with the object of facilitating the purchase of Indian made articles, and that if any firms or associations would bring to the notice of the Chief Controller of Stores any condition in any of the Department's specifications which they consider should be modified in the interest of Indian industry, the matter would receive careful con-

deration. We should add that the specifications in many cases have been framed in consultation with consuming Departments and represent the minimum standards of quality acceptable for the particular articles or materials to which they relate. Any alterations suggested in specifications have to be most carefully considered from all aspects, particularly from the point of view of safety of life, economy and assurance of satisfactory behaviour in service.

✓ (5) When we discussed the question of retrenchment with the Chief Controller of Stores we impressed upon him that two costly appointments at headquarters in the Administration and Intelligence Branch, viz., the Deputy Director of Administration and Intelligence and the Assistant Director of Administration and Intelligence were unnecessary. In view, however, of the fact that the cuts that we were suggesting would throw additional responsibility on the Chief Controller, we suggested to him that the appointment of Deputy Director should be done away with not immediately but when the present incumbent was due to retire and that thereafter there should be only one post of Secretary to the Chief Controller which should be filled by an officer of the Indian Audit and Accounts Service as his services would be very valuable to the Controller in regard to financial administration and in dealing with tenders. We have no objection to the Secretary being provided with an Assistant, if necessary, to deal with routine matters.

(6) The question whether the purchase of printing and stationery stores should be made through the Indian Stores Department was referred to us. These purchases are now made by the Stationery Office instead of through the Indian Stores Department and the continuance of the existing procedure has been proposed both by the Controller of Stationery and Printing and by the representative of the Government of India in the Department of Industries and Labour. The reason for this exception in the case of purchase of these stores is that the stationery and printing department is entrusted with the purchase of this class of stores on behalf of Government so that there is no particular advantage in simply sending the indents over to the Indian Stores Department to call for tenders. It is at present the policy of the Stationery Office to place orders with the Indian Stores Department for all general stores like lubricating and other oils and greases, petrol and kerosine oil, hardware, textiles, etc. We agree that it is not desirable to transfer to the Indian Stores Department the work connected with the purchase of Stationery and Printing stores which are of a specialised character and for dealing with which the Stationery and Printing Department is equipped with an organisation possessed of thorough knowledge of the particular subject.

(7) A suggestion was made to us that a beginning should be made in starting a regular exhibition of Indian manufactures and industries in India situated in a central place like Delhi and placed under the supervision of the Indian Stores Department. The importance of the exhibition of Indian manufactures has already been admitted by the Department which has arranged for display of the articles manufactured by most of the important concerns in India in a convenient space in the North Block of the Imperial Secretariat Buildings. We were informed that the utility of these exhibitions to manufacturers had been widely appreciated and that the collection had already assumed considerable size. We wish to recommend that this idea of organised display of India's

important manufactures should be fully developed and that in due course the Department should establish a central exhibition of Indian manufactures at a place in New Delhi which would be more accessible to people visiting Delhi than the Imperial Secretariat. The products of Indian industries should be exhibited with the names of firms and the respective prices and the institution should be placed in charge of an intelligent officer of the department able to give further information to people who visit the museum and ask for it.

(8) We examined the representatives of the Departments which had now their own large stores organization whether with the transfer of the work connected with the purchase of all general stores to the Indian Stores Department any reduction could be effected in the strength of their stores organization. We were informed that the work involved in the receipt, maintenance and distribution of stores would still continue and that this, coupled with the increase of work in other directions, for example, the working of the new stores purchase rules, etc., would not permit of any appreciable reduction of staff. While appreciating this point of view, we recommend that all Departments should be required to examine carefully their staff requirements after the full introduction of the system of compulsory purchases through the Indian Stores Department of all general stores and make whatever reduction is possible.

SUMMARY OF OUR RECOMMENDATIONS.

54. In our *interim* report of the 5th September 1931, we summarised the financial effect of the recommendations included therein in regard to the Stationery and Printing Department as follows :—

	In thousands of rupees.
(i) Savings proposed to be effected by the Controller himself ..	6,36
(ii) Stoppage of the move of Assistant Controller and his staff to Simla	6
(iii) Abolition of the post of Deputy Controller at Delhi	14
(iv) Substitution of the appointment of Deputy Controller of Forms at Dhurumtolla by the appointment of a second grade Manager ..	6
(v) Savings assumed by the Controller in the purchase of tag labels	20 to 30
	<hr/>
	6,82 to 6,92
	<hr/>

We added that the figure of about 7 lakhs mentioned above did not include the possible savings in the amounts payable to contractors for printing Posts and Telegraphs forms on account of reduction of rates under the new contract nor the savings which would ultimately be affected by the adoption of our other recommendations, chiefly those regarding centralization of all printing work at New Delhi, improvement of the existing method of receiving and accepting tenders, etc.

55. In paragraph 6 of our *interim* report of the 11th September, we summarised the financial effect of the recommendations in regard to the Stores Department as follows :—

	Rs.	Rs.
1. Director of Purchase	12 × 2,253 ..	=27,036
2. Assistant Director of Purchase (Engineering) ..	12 × 1,169	=14,028
	(a) C. P. F. ..	=877
3. Assistant Director of Purchase (Textile) ..	12 × 1,169 ..	=14,028
	(a) C. P. F. ..	=877
4. Assistant Controller of Purchase, Karachi ..	12 × 876 ..	=10,512
	Allowances ..	525
5. Assistant Controller of Purchase, Bombay ..	12 × 876 ..	=10,512
	Allowances ..	2,550
	(a) C. P. F. ..	657
6. Reduction of staff on account of petty purchases (b) ..	..	1,10,000
7. Conversion of the appointment of Controller of Inspection into that of an Assistant Controller of Inspection ..	..	} 21,500
8. Conversion of Assistant Controller of Inspection, Lahore, into an Inspector with a charge allowance of Rs. 100 per mensem ..	..
9. Reduction of charge allowance of Cawnpore Inspector from Rs. 150 to Rs. 100 ..	..
10. Reduction in motor car and other allowances ..	..
11. Permanent location of the office of the Chief Controller at Delhi immediately .. .. .	.. .. .	40,000
<i>plus</i> ultimately (additional) .. .. .	.. .. .	60,000
Total Rs. 2,53,102 to Rs. 3,13,102		

(a) Contributory Provident Fund.

(b) Includes a saving of Rs. 4,000 under contingencies.

56. Since we submitted our *interim* report, the Chief Controller of Stores has as a result of various discussions with us and of his own continuous review of the expenditure of the department been able to effect the following further economies :—

	Per annum. Rs.
(i) Savings in the Inspection Branch	50,000
(ii) Other miscellaneous savings	9,000
(iii) Replacement of the post of Assistant Controller of Inspection at Karachi by an Inspector-in-charge	4,000
(iv) Proposed abolition of the post of Chemist at Jamshedpur and reduction in certain allowances	7,000
(v) Holding in abeyance of various posts	96,000
(vi) Reduction in the charges for inspection through the Director General of Stores, London as compared with the year 1929-30 ..	69,000
(vii) Abolition of the Consulting Engineer's branch	30,000
Total ..	2,85,000

57. We now proceed to summarise our recommendations in this, our final report :—

- (1) The Alipore Test House should be regarded more or less as an institution similar to the National Physical Laboratory, London. The possibilities of economy in the expenditure of the Institution should be examined departmentally with particular reference to certain points indicated by us. Government should take steps, if and when a suitable opportunity occurs, to secure the services of an eminent Indian scientist as head of the institution.
- (2) The Metallurgical Inspectorate should be maintained on a self-supporting basis and the expenditure should be departmentally reviewed and proper steps taken in time to prevent the Inspectorate becoming a losing concern.
- (3) Government should issue definite orders that all stores other than stores of a specially technical nature required by any department of the Government of India should in future be purchased through the Indian Stores Department.
- (4) The departmental charges now levied by the Indian Stores Department should be abolished; but a *pro forma* credit should be taken in the annual accounts of the department for fees for services rendered. This annual account should be utilised by the Chief Controller of Stores, as General Manager of the Stores Purchase Organisation, to compare the working results of the organisation from year to year and to take steps to pull up any deterioration disclosed. The accounts should continue to be presented to the Public Accounts Committee who should advise Government in regard to any improper or wasteful expenditure.
- (5) Small orders under Rs. 250 even in regard to general stores should not be sent to the Indian Stores Department except in certain cases specified by us.
- (6) All departments of the Government of India should be required to examine carefully their staff requirements after the full introduction of the system of compulsory purchases through the Indian Stores Department of all general stores.
- (7) An Advisory Committee presided over by the Member-in-charge of the Department of Industries and Labour and including as members, the Secretary in the Department of Industries and Labour, the Chief Controller of Stores, a Member of the Railway Board, the Quarter Master General and one member each from the Central Legislature should be established to advise the Government of India on all important matters affecting stores purchase and to review from time to time how far the policy of Government in regard to stores purchase and the recommendations of the various committees appointed by them are given

effect to. The Committee should be constituted as early as possible and meet as often as may be necessary.

- (8) The Government of India in the Department of Industries and Labour should consider whether with a view to implementing the policy of the Government of India in the matter of encouraging the development of the industries of the country to the utmost possible extent consistent with economy and efficiency some periodical report should not be called for from the purchasing offices and departments regarding the action taken by them during the year in the matter of giving price preference.
- (9) In cases where the purchasing officer of the Indian Stores Department decides the question of acceptance of tenders on his own responsibility without consulting either the Inspection Branch or the indenting department, he should refer the matter to the next higher authority on the purchasing side except when the lowest tender is accepted. In cases of exceptional or large tenders arrangements should be made for obtaining the advice of the indenting departments and if possible of the Finance Department of the Government of India.
- (10) Whenever it is found necessary in future to recruit Europeans owing to the absence of qualified men in India, such Europeans should be recruited for a strictly limited period and steps should be taken simultaneously to ensure that a qualified Indian would be available at the end of the period. When the time comes for considering the question of a successor to the present Chief Controller of Stores, the Government of India should make every effort to select an officer possessed of the same outstanding ability and experience and actuated by the same enthusiasm for the promotion and encouragement of Indian industries and manufactures.
- (11) The appointment of Deputy Director, Administration and Intelligence, should be done away with when the present incumbent is due to retire and thereafter there should be only one post of Secretary to the Chief Controller which should be filled by an officer of the Indian Audit and Accounts Service. The Secretary may be provided with an Assistant, if necessary, to deal with routine matters.
- (12) The idea of an organised display of India's important manufactures should be fully developed, and the Indian Stores Department should establish in due course a Central Exhibition of Indian manufactures at a place in New Delhi in charge of an intelligent officer of the department.

Conclusion.

58. We regret that our colleagues Messrs. Jaggannath Aggarwal and S. C. Lyttelton were not able to be present during the concluding stages of

our deliberations, as both of them were unavoidably absent out of India. Though they have not signed our final report, they were signatories along with us to our *interim* report of the 12th September 1931 wherein we clearly stated that "we have no hesitation in saying that the abolition of the department will be a serious blow to the development and encouragement of Indian industries".

G. A. NATESAN.

B. DAS.

A. H. GHUZNAVI.

K. ARAVAMUDHA AYANGAR,

Secretary.

SIMLA ;

30th September 1932.

APPENDIX I.

First interim report of the Stores, Printing and Stationery Sub-Committee, dated the 5th September 1931.

We have the honour to submit our *interim* report on the possibilities of Retrenchment in the Printing and Stationery Department for communication to the General Committee.

Proceedings of Sub-Committee.

2. We first met in Simla on the 28th May 1931 and held three meetings where we decided what reports and information should be supplied by the department. In addition to various published reports we were furnished with an exhaustive memorandum by the Controller of Printing and Stationery in India on the expenditure of the department with eight separate memoranda as its enclosures prepared by the officers in charge of the Calcutta, Delhi, Aligarh and Simla Presses, the Central Stationery Office, the Central Publication Branch, the Forms Press and Store and the Central Printing Office. Besides furnishing the memorandum the Controller met us at Calcutta where we held three meetings in July (23rd, 25th and 27th), inspected the local offices and examined the local officers. We again met the Controller in Delhi on the 28th August and continued our examination of both the Manager of the Delhi Press and himself. As a suggestion had been made that there was no necessity for two Presses so near each other as Delhi and Aligarh, we completed our enquiry by inspecting the Aligarh Press accompanied by the Controller and the Manager, Delhi Press. We then adjourned to Simla (31st August), inspected the Simla Press on the 1st September and then discussed the recommendations to be included in the *interim* report.

Acknowledgments.

3. We desire to record our appreciation of the help rendered to us during the progress of our enquiry by the officers of the department and our thanks are due to Mr. C. T. Letton, the Controller, for the manner in which he placed himself entirely at the disposal of the Committee and thereby considerably lightened our task.

Some general observations.

4. Our recommendations in this report are based on a general survey of the expenditure of the department. We have not attempted a detailed examination of, say, whether the industrial establishment employed is more than adequate for the plant or whether the plant is worked at the maximum efficiency and minimum cost, as firstly such examination cannot be undertaken within the short time at our disposal and secondly it could only be done efficiently by technical experts.

Further, we have not attempted an examination of the policy underlying the maintenance of so many Presses under direct Government supervision and whether it would not be more economical to have the work of paying departments done entirely by outside agency leaving work of non-paying departments and work of a confidential nature only to be done by Government Presses. But this should form the subject of a subsequent enquiry.

5. We should like to make another general observation. The value of a Committee like ours, largely consists in making the department hold a searching internal examination in order to justify all items of expenditure before a committee which cannot be expected to take a wholly departmental view of many things. As a result of such examination, the Controller has been able to suggest considerable economies in advance of our recommendations, as the following figures show :—

Gross expenditure of the department.

				Rs.
Original budget grant, 1931-32. . . . .	..	..	..	1,12,08,000
Reduced grant proposed by the Controller, 1931-32 . . . . .	..	..	..	1,01,72,900
<i>Recoveries.</i>				<i>Modified</i>
		<i>Budget.</i>		<i>by Controller.</i>
		Rs.		Rs.
(a) Posts and Telegraphs . . . . .	..	..	23,67,000	21,42,000
(b) Railways . . . . .	..	..	10,96,000	9,96,000
(c) Military . . . . .	..	..	13,90,000	12,15,000
(d) Others . . . . .	..	..	26,000	26,000
(e) Local Governments, etc. (taken as revenue)			34,00,000*	34,00,000*
Total				78,79,000

Expenditure of the department (net).

				Rs.
1913-14 . . . . .	..	..	..	14,00,726
1931-32 (Budget) . . . . .	..	..	..	29,29,000
1931-32 (revised by the Controller) . . . . .	..	..	..	22,93,900

The figures for 1931-32 as reduced by the Controller require some explanation in order to enable the General Committee to appreciate the present position properly. The annual expenditure of the department includes since 1926-27 certain carryovers from previous years and after a thorough examination of the figures, the Controller has come to the conclusion that if the huge carryover of Rs. 12 lakhs from 1930-31 were paid in the current year, there will only be a normal annual carryover of Rs. 2 lakhs in future. The matter has been fully dealt with on pages 29 and 30 of the Controller's memorandum which has been circulated to members of the General Committee. If the necessary adjustments were made in the figure of Rs. 22.94 lakhs on account of these carryovers, the reduced grant for 1931-32 would stand at Rs. 12,97,900 a figure which compares very favourably with the pre-war scale of expenditure on the department. This result is mainly achieved by the transfer to the paying departments of the major portion of the gross expenditure incurred and shows that we should not expect any further major economies in the Printing and Stationery department and that for these one should go to the big consuming departments such as the Railways, the Military and the Posts and Telegraphs departments.

* The Controller has taken this as Rs. 34,50,000.

Our recommendations.

6. There are certain matters in regard to which we have come to definite conclusions, while there are others which call for further examination and in regard to which our recommendations can only be provisional. We clearly distinguish below these two classes of recommendations:—

(a) *Headquarters office (Delhi) and Central Printing office (Delhi).*—These two offices have recently been amalgamated. The superior staff consists of the Controller, a Deputy Controller and two Assistant Controllers. We examined the Controller on the necessity of four officers and we were informed that so long as one of the officers was required to move up to Simla with the Government of India, it would not be possible to effect any reduction in the number of officers. We found as a result of our examination of the Assistant Controller in Simla that the regulation of the flow of work from the departments of the Government in Simla does not occupy much of his time and that to keep him fully engaged work connected with the administration of the department and other matters comes to him from Delhi. We are unanimously of the opinion that if the Manager of the Simla Press is given discretion to undertake for the offices in Simla work of an immediate character which could not be sent to Delhi (to the Clearing Section of the Headquarters office) and if these offices were required to send as usual to the Central Clearing Section their other work, it would not be necessary for an Assistant Controller to move with a complement of staff to Simla every year. We realise that for carrying out this measure, the full co-operation of the departments sending work to the Press would be required and that suitable arrangements should be made for carrying on the work of the Central Duplicating Section which is now under the control of the Assistant Controller. The Section could be shifted to the Simla Press or if that were found inconvenient by the departments, it could be attached to one of the departments of the Government of India, say, the Industries and Labour Department, which could arrange for the duplicating work of other departments. We cannot believe that this will in any way add to the responsibility of the Industries and Labour Department, if definite instructions are issued regarding the classes of work which can be sent to the duplicating section. This section consists of a typesetter and two Gestetner attendants and we recommend that leaving this section, the rest of the Assistant Controller's staff and the Assistant Controller may be permanently located in Delhi. Our view is fortified by the suggestion which has already been made by the Controller for reducing the strength of the staff moving up to Simla in future and which has been accepted by the Government. The present cost of the move of the Central Duplicating and Printing Clearing Section is Rs. 6,000 annually and our recommendation will give a saving of an amount slightly less than Rs. 6,000 per annum.

From the recommendation made above follows the next recommendation we have to make, namely, the abolition of the post of Deputy Controller at Headquarters (Delhi). We consider that four officers at headquarters are really too many and we are unanimously of the opinion that in view of the amalgamation of the office of the Controller of Printing and Stationery and the Printing Clearing Office, as an immediate act of retrenchment, the

appointment of Deputy Controller at Delhi should be done away with. The number of Chaprasis can in consequence be reduced. The Controller preferred to retain the appointment of Deputy Controller and abolish one of the two posts of Assistant Controllers as an officer of the rank of Deputy Controller was required to deputize for him during his absence on tour. He also suggested that if one of the appointments of Assistant Controller was abolished, a post of Assistant on the usual rate of pay, namely, Rs. 120—8—160—10—350 should be created. We consider that an Assistant Controller will be able to deputize for the Controller as well as a Deputy Controller and in fact, we heard no complaint that the Assistant Controller at Simla was not either efficient or independent. As regards the additional appointment, we think that when the present staff of one Superintendent, and five clerks which moves to Simla is permanently located at Delhi, the need for the extra appointment will not be felt. Our recommendation will mean a saving of nearly Rs. 14,000 per annum on the average. In our opinion, a further saving should be effected by a reduction in the staff rendered possible by the stoppage of the move to Simla.

We have considered the question as to which should be the headquarters of the Controller. It has been suggested that Calcutta should be the Headquarters as a major portion of the expenditure of the department is incurred in Calcutta and that, at any rate, his move to Simla for three months in the year should be abolished. In view of our objective to have the Delhi Press as the main press of the Government of India, a point which we deal with more fully later on, we do not approve of the headquarters of the Controller being transferred to Calcutta. We recommend that the Headquarters be fixed permanently at Delhi and that the Controller should not be required to move to Simla for any fixed period during the stay of Government at Simla, though we have no objection to the Controller or his assistant being called to Simla occasionally by the Industries and Labour Department in accordance with exigencies of public service. We contemplate that the Controller though stationed in Delhi should make the necessary tours in which among others the inspection of the Calcutta offices should form a chief item.

(b) *Calcutta Main Press at Hastings Street.*—We have come to the provisional conclusion that it will be to the ultimate advantage of the Government and the tax-payer if the printing work of the Government of India were chiefly concentrated at one place, New Delhi, and if the machinery and staff at Calcutta Press were gradually reduced to meet the requirements of only Central Government offices at Calcutta. This would make it possible for the reduced Press at Calcutta being housed along with the Forms Press and Store at Dhurrumtolla and the valuable Hastings Street buildings being released for better utilization to the great financial advantage of Government. Further our proposal would enable the Delhi Press to cope with the heavy work at budget time, save overtime charges and also comply satisfactorily with the provisions of the Factory Act. We may add that it is the experience of some of us, which is also confirmed by the Controller, that old Press machinery can be sold at much above book values and that we therefore contemplate that some portion of the machinery at the Calcutta Press may be sold in Calcutta instead of being

freighted to Delhi, thus reducing to some extent the cost of the transfer. We are asking the Controller to prepare for us a statement of the financial effect of our proposal, including the capital cost of the extension of the Delhi Press buildings, which we find is adapted for considerable expansion, and the cost of additional buildings for providing residential accommodation for the staff. We desire in this connection to point out that in regard to quarters for workmen as much as 50 per cent. saving may be effected if a different type of building suited to the needs of workmen be adopted. We shall make a further report on this point later.

We observe that a sum of Rs. 28,000 per annum is spent on making blocks and colour printing by outside Presses for the Archaeological and Agricultural Departments in connection with various reports of those departments. We consider that considerable economies could be obtained in this item of expenditure if the departments concerned were made to pay the cost and we accordingly recommend that the item be transferred from the Printing and Stationery budget to the budgets of the departments for which the expenditure is incurred.

(c) *Forms Press and Store.*—We are unanimously of the opinion that the work done by the Deputy Controller of Forms might equally efficiently be done by a lowest grade Manager as suggested by Mr. Ascoli in his letter to the Government of India, No. 16, dated the 26th June 1925. Mr. Letton has suggested a pay of Rs. 600—40—800 for second grade Managers and the Manager, Central Publication Branch in future and subject to any changes in the scale as a result of examination of pay and allowances generally, by the General Purposes Sub-Committee, we accept the scale of Rs. 600—40—800 for the officer-in-charge of the Forms Press and Store. This will mean a saving of Rs. 5,640 per annum on the average. When our proposal to reduce the size of the Hastings Street Press and remove it to Dhurrumtolla is carried out, we think that further savings can be effected by readjusting the superior staff.

We observe that the work of printing Posts and Telegraphs forms for the northern circles is being done at the Aligarh Press and that the printing work on similar forms required by other circles is let out on contract by the Forms Press and Store at Calcutta. The Army Department forms and other stock and standard forms required for Government departments are printed at the Forms Press assisted by the Hastings Street Press. Subject to what is stated below, we approve of the existing arrangements generally.

We consider that the tender system now in force is defective in that the period of contract which is fixed as 3 years does not give the contractors an opportunity to effect economies and quote sufficiently low rates to the Government. We therefore recommend that the period of contract be longer and the suggestions made by us in regard to the advertisement, receipt, opening and acceptance of tenders for stationery be followed in the case of tenders for printing work also. We further recommend that in order to induce a large number of contractors to tender, efforts should be made to split up contracts as far as possible.

We understand that tenders for tag labels, hitherto included in the printing contract, have been separately called for as these are properly included under

articles of stationery. We approve of this procedure which is anticipated to yield a saving of Rs. 20,000 to Rs. 30,000 per annum. We however recommend that in dealing with the tenders which have been called for simultaneously in England and India, effect be given to our recommendation under the heading 'Central Stationery Office' regarding price preference for Indian articles and that if satisfactory tenders are not forthcoming, the question of producing them at the Aligarh Press where they are now made for the Northern Circle be considered, especially as the Aligarh Press does not appear to be working to its full capacity.

In view of our proposal to reduce gradually the Hastings Street Press, the Controller considers that the time has come for trying again to give out Army forms work to contractors. Apart from the question of transferring a major portion of the Calcutta Press to Delhi, we consider that if the contract period were sufficiently extended and tenders were again invited for printing of Army forms, satisfactory tenders would be forthcoming. We recommend that this may be done.

(d) *Aligarh Press*.—After inspecting the Aligarh Press we have come to the conclusion that the Aligarh Press should be retained and that the printing of forms work now done at the Calcutta Presses should be transferred to Aligarh. We feel that the Aligarh Press ought to be made to work to its full capacity. This would enable the Government to make the most economical use of the machinery and also effect some saving in printing charges.

We heard a complaint at the time of our inspection that the electric charges of the Press are excessive and were informed that if the electric plant installed at the Press were sold and current taken from the local Electric Company, considerable saving in expenditure which may be as much as Rs. 30,000 per annum could be effected, even after allowing for the erection of a conversion plant at a capital cost of about Rs. 12,000. We discussed the matter with Mr. Pitkeathly, the Chief Controller of Stores and Mr. Khan, Deputy Director of Inspection. We recommend that the question of shutting down the existing electrical generating plant in the Aligarh Press and taking a supply of electrical energy from the Aligarh Electrical Supply Company be examined with the utmost expedition and if it is found that the supply of energy can be obtained from the Aligarh Supply Company at rates which will be economical to Government after taking into consideration the possible difficulties and loss which may be encountered in disposing of the generating plant in the Press, early arrangements should be made to open up negotiations with the Company. Otherwise the existing arrangements should be continued and the negotiations with the Company should be dropped.

(e) *Central Publication Branch, Calcutta*.—We are satisfied that on account of over-crowding of this Branch at the Calcutta Press (Hastings Street), stock taking is rendered impossible and additions to staff will become imperative. We recommend that the Branch be removed to the Press quarters in Old Delhi recently vacated by the Delhi Press. This would enable the staff to be better utilized and thus obviate any additions to staff. Further the portion of the Hastings Street buildings vacated by the Central Publication Branch may

be utilised by other Central Government offices at Calcutta. We have requested the Controller to supply us with a statement showing the financial effect of our proposal and we shall make a further report on this point.

We may add that if the Central Publication Branch were removed to Delhi, the small publishing branch at the New Delhi Press with its complement of staff might be transferred to the Central Publication Branch. In that case, about 1,000 square feet of space would be released at the New Delhi Press which might accommodate any new machinery purchased or transferred from other Presses. Further the amalgamation of the publishing branch of the Delhi Press with the Central Publication Branch might make a small portion of the clerical staff superfluous. We recommend that this question be considered by the Government in consultation with the Controller.

During our inspection of the Store of the Central Publication Branch at Hastings Street and also of the Forms Store at Dhurrumtolla we were surprised to find large stock of Army forms and publications which are of absolutely no use hereafter and which were ear-marked for being destroyed. We feel it our duty to bring this to the notice of the Army Department.

We also found that a large stock of several of the publications of Government was lying unsold. We suggest that a list of such publications at reduced prices be made and advertised as widely as possible.

(f) *Central Stationery Office, Calcutta.*—It is a matter for regret that a large sum (which was Rs. 12 lakhs in the last year) has been allowed to be carried over from year to year and that the figures of 1931-32 are swollen by this large carryover. We are glad to note that this matter has been the subject of careful consideration by the Controller and that the carryover in future will not be allowed normally to exceed Rs. 2 lakhs. This matter should be carefully watched by Government.

We are not quite satisfied with the existing procedure followed in the Stationery Office in dealing with tenders for paper and other articles of stationery. The tenders are not opened publicly and though the orders of the Controller are taken in the matter of accepting tenders, we think there is considerable room for improvement of the existing procedure. The advantages of improving and perfecting the machinery cannot be measured in rupees, annas and pies, but we are absolutely convinced that the removal of any defects in the machinery is bound to be of ultimate benefit to the tax-payer. We accordingly recommend that—

- (1) tenders should be widely advertised ;
- (2) sufficient interval should be allowed between the date of advertisement and the date of application ;
- (3) applications should be made by tenderers in sealed covers which should be opened publicly at the appointed time ; and the rates read to all the contractors or their agents present ;
- (4) with regard to tenders for supplies of articles or for work of a value exceeding Rs. 10,000, the Controller should be assisted in dealing with the tenders by a committee of two members, one an official and the other a non-official ; and

- (5) in the case of purchases by a system of simultaneous tenders in India and England a price preference of a prescribed percentage should be given to articles of Indian manufacture.

We feel certain that if the procedure we have suggested above be followed, it is bound ultimately to result in considerable financial advantage to the Government—not to mention the confidence which will be engendered in the minds of all contractors.

We find from the Table on page 23 of the Controller's memorandum that the value of stationery stores in stock at the end of March 1931 was about Rs. 15 lakhs and that it is hoped in the near future to reduce the balance to Rs. 13 lakhs. It is stated that the stock at the close of the year is at present fixed as not to exceed 3 months' supply. In view of the fact that of total purchases amounting to Rs. 62½ lakhs in 1930-31, about Rs. 59 lakhs were purchased in India, we are of the opinion that it is not necessary to have a three months' supply in stock and that the stock can be reduced further. We are taking up the matter with the Controller and shall make a further report on this point.

We observe that some saving in expenditure on articles of stationery, etc., can be effected if the departments of the Government of India and the offices subordinate to them were compelled to use articles which have been tested and found satisfactory by the Central Stationery Office without insisting on any particular make of articles. We invite a reference in this connection to paragraph 44 (b) of the printed proceedings of our sixth meeting at Calcutta wherein we have mentioned the case of one Railway administration insisting on the supply of a particular kind of tracing cloth and rejecting the supply of an equally efficient and less costly kind of cloth which had been found entirely satisfactory by another Railway administration. We recommend that strict and definite instructions be issued in this matter and departments be asked to co-operate with the Printing and Stationery department in reducing expenditure by accepting the supplies made by the latter department. We note that for various official and demi-official communications, different kinds of very costly paper is being used. We are strongly of opinion that considerable saving could be effected if a uniform kind of cheaper paper and envelopes were adopted. We find that this matter has already engaged the attention of both the Finance and the Industries and Labour Departments and our recommendation should therefore be easily accepted by all departments of Government.

During our inspection of the Central Stationery Office, we found that a surplus quantity of binding cloth, graph paper and flat duplicators obtained for the Army valued at Rs. 1·10 lakhs was lying unused for a long time and that it could be disposed of to other departments if the price were reduced. We recommend that a careful examination of all articles lying unused be made and steps be taken to utilize them as quickly as possible by adjustment of their prices with the sanction of the competent authority.

Our attention was drawn to the fact that the Publicity Officers of Railways do not purchase from the Stationery Office their requirements of printing paper for work produced for them at private presses. We recommend that the question be examined by the Government and that steps be taken to ensure

that all departments of the Government of India and offices subordinate to them obtain the benefit of the cheap rates secured by the Stationery Office by centralization of purchases.

(g) *Some general remarks about printing work.*—We have gone carefully into the question of paying overtime in the Government of India Presses and obtained information of amounts paid, the rate for calculation of overtime and the causes leading to overtime employment. We appreciate that the regular flow of work to the Presses ensured by the establishment of the Central Printing Clearing Section at headquarters prevents any avoidable overtime payments that might have been made in the past. The Controller has reported that the staff at present employed at the Presses is insufficient to cope with the quantity of work received and the expedition with which it is required and that the staffs have reached the stage where further retrenchment is impossible unless there is a substantial reduction in the amount of work sent by departments and unless what seems to be the general practice of marking requisitions as immediate and urgent, timed either to the day or the hour, is given up. We may add that one flagrant case was brought to our notice where a Report of over 600 foolscap pages was marked urgent by one department and 300 copies were called for within a week, though the department was satisfied with the supply of copies a week later. We have discussed the matter fully with the Controller and with the Managers of Presses, and we make the following recommendations:—

- (1) Heads of departments should give strict instructions to the officers under them that the amount of printing work sent to the Presses should be minimized as far as possible ;
- (2) no work sent to the Press should be marked urgent or immediate without the sanction of a competent authority ;
- (3) absolutely clean copy should be sent to the Press ;
- (4) where the Central Printing Clearing Section, or the Manager, Single Press in cases of work received direct, considers that any of the above conditions have not been fulfilled, they should have the necessary authority to bring the matter to the notice of the head of the department concerned, who should give the matter his most serious consideration.

While recognising that efforts have been made to standardize forms as a means of economy we deem it necessary to state on the authority of some of the Managers of Presses that there is considerable room for further standardization and the Central Printing Office should continue to give further attention to this matter.

In view of the general trend of our recommendations, the Industries and Labour Department should keep a strict watch on further purchase of plant and machinery for extensions of the Government of India Presses.

(h) *Pay and allowances.*—As regards pay and allowances we are following the special procedure laid down by the General Committee and making a separate report to the General Purposes Sub-Committee. We may in this connection point out that even if the revised scales for the superior staff proposed by the Controller in Table B of his memorandum were adopted there would be an

ultimate annual recurring saving in expenditure of as much as Rs. 25,000. There would similarly be a saving of Rs. 25,000 per annum if the Controller's proposals regarding the scales of pay for the establishment at the headquarters office at Delhi be accepted.

Certain special enquiries.

7. We are also making certain special enquiries regarding particular matters, such as the comparative cost of Forms printing at Government Presses and at Contractors' Presses, the necessity for some of the smaller Presses, Indianisation of the staff, reduction of stores balances, etc., and if as a result of our enquiries any proposals for economy emerge, we shall include them in our final report.

Communications to other sub-committees.

8. We have drawn the attention of the Railway Sub-Committee to the following points that came to our notice in the course of our enquiry :—

- (1) Printing work given by Publicity officers to outside Presses in India and abroad ;
- (2) indent for machinery valued at Rs. 42,000 for the small E. B. Railway Press (we are informed that this matter will be considered by the Railway Board) ;
- (3) the unreasonable attitude of some of the Railway administrations in regard to articles supplied by the Printing and Stationery Department.

We have written to the Secretary, Public Works and Audit Sub-Committee suggesting that the question whether the Government of India buildings at Calcutta are utilized to the fullest advantage of Government might be examined.

We have also brought to the notice of the Postal Sub-Committee the large amount of expenditure on Postal and Telegraph forms.

9. We may now summarise the financial effect of our recommendations.

	In thousands of
	Rs.
(1) Savings proposed to be effected by the Controller himself ..	6,36
(2) Stoppage of the move of Assistant Controller and his staff to Simla.	6
(3) Abolition of the post of Deputy Controller at Delhi ..	14
(4) Substitution of the appointment of Deputy Controller of Forms at Dhurrumtolla by the appointment of a second grade Manager.	6
(5) Savings assumed by the Controller in the purchase of tag labels	20 to 30
	<hr/>
	6,82 to 6,92
	<hr/>

The figures of Rs. 6,82,000 to Rs. 6,92,000 does not include the possible savings that will be effected if the recommendations regarding cut in salaries which we are separately making to the General Purposes Sub-Committee be adopted, nor does it include the savings in the amounts payable to contractors for printing Posts and Telegraphs forms on account of the rates under the new contract being 40 per cent, cheaper than the old rates. We need not mention once again the savings which cannot immediately be measured in rupees, annas and pies but which will ultimately be effected by the adoption of our other recommendations, chiefly those regarding centralization of all printing work at New Delhi, improvement of the existing method of receiving and accepting tenders including the appointment of a tender committee, reduction in payments made for overtime work and the adoption of cheap uniform paper and envelopes for all Government offices.

APPENDIX II.

Second interim report of the Stores, Printing and Stationery Sub-Committee, dated the 11th September 1931.

Having read the memoranda received from the various Chambers of Commerce and other public bodies and also from individual witnesses, having read also the pamphlet "The Indian Stores Department and assistance to Indian industries" furnished to the Committee by the Chief Controller, having examined the Deputy Director of Administration and Intelligence and the Audit Officer, Indian Stores Department and having discussed with the Chief Controller certain immediate retrenchments in the superior and clerical staffs in the Department which could be effected, the Committee recommend that the following reductions should be made forthwith :—

- (1) The appointment of Director of Purchase (headquarters) should be held in abeyance.
- (2) The appointments of Assistant Director of Purchase (Textile) and Assistant Director of Purchase (Engineering) should be abolished.
- (3) The appointments of Assistant Controllers of Purchase at Karachi and at Bombay should be held in abeyance.
- (4) The appointment of Controller of Inspection, Bombay Circle, should be converted into an appointment of Assistant Controller of Inspection.
- (5) The appointment of Assistant Controller of Inspection, Upper India Circle, should be abolished and one of the Assistant Engineers should be given a charge allowance of Rs. 100 per mensem.
- (6) The present charge allowance of Rs. 150 given to the Inspector in charge of the Cawnpore Branch should be reduced to Rs. 100.

As a result of recommendations Nos. 4 and 5, a saving should be effected in motor car and other allowances.

2. Small orders under Rs. 250 should not be sent to the Indian Stores Department except in the following cases :—

- (a) Articles for which the Indian Stores Department have rate of running contracts ;
- (b) Articles of a special or unusual character which indenting officers find difficulty in purchasing themselves ; and
- (c) Articles required by indenting officers situated in localities where there are no facilities for purchasing.

As a result of this proposal, appointments of 2 Inspectors, 8 Examiners, 22 clerks (Purchase Branch) and 24 clerks (Inspection Branch) should be abolished.

The Audit Officer, Indian Stores Department admitted that if the proposal to eliminate petty orders were accepted, there would be a saving of Rs. 50,000 per annum in the Audit grant.

3. The Committee is of opinion that the headquarters of the Department should be permanently located at Delhi. This recommendation does not mean that the Chief Controller of Stores or any of his Assistants should not be called to Simla when required, if the Government continued to move between Delhi and Simla and if the presence of the Chief Controller or his Assistants was necessary in the interests of public service. As a result of the permanent location of the office at Delhi, there would be an immediate saving of Rs. 40,000 per annum, *vide* paragraph 22 of Mr. Pitkeathly's note of 8th May 1931 already circulated. As a further result of the gradual replacement of the existing members of the clerical establishment by local men recruited on lower rates of pay, there would be an ultimate additional saving of Rs. 60,000 per annum.

4. In view of the request made by Sir George Schuster to the Chairman of the Committee for a note in regard to the savings that could be immediately effected in the expenditure of the Indian Stores Department, the Secretary was requested to communicate the above minutes to the Secretary, Retrenchment Advisory Committee.

5. The Committee made these recommendations subject to further and fuller investigation of the question of retaining the Indian Stores Department under present conditions of substantially modifying of the scope of the Department.

6. The total financial effect of these recommendations is summarize below :—

	Rs.	Rs.
1. Director of Purchase	12 × 2,253 =	27,036
2. Assistant Director of Purchase (Engineering)	12 × 1,169 =	14,028
	(a) C. P. F.	877
3. Assistant Director of Purchase (Textiles)	12 × 1,169 =	14,028
	(a) C. P. F.	877
4. Assistant Controller of Purchase, Karachi	12 × 876 =	10,512
	Allowances	525
5. Assistant Controller of Purchase, Bombay	12 × 876 =	10,512
	Allowances	2,550
	(a) C. P. F.	657
6. Reduction of staff on account of abolition of petty purchases .. (b)		1,10,000
7. Conversion of the appointment of Controller of Inspection into that of an Assistant Controller of inspection.		} 21,500
8. Conversion of Assistant Controller of Inspection, Lahore, into an Inspector with a charge allowance of Rs. 190 per mensem.		
9. Reduction of charge allowance of Cawnpore Inspector from Rs. 150 to Rs. 100.		
10. Reduction in motor car and other allowances		
11. Permanent location of the office of the Chief Controller at Delhi—		
immediately		40,000
plus, ultimately (additional)		60,000
Total	Rs. 2,53,102 to Rs. 3,13,102	

(a) Contributory Provident Fund.

(b) Includes a saving of 4,000 under contingencies.

Enclosure 1.

Note by Mr. B. Das.

In adding my signature to these halting and inadequately small measures of retrenchment in the Indian Stores Department, I do not wish to be misunderstood by the Legislative Assembly that I am for the continuity of the Department. In times of national crisis, any small measure of economy in an *interim* report, therefore, must meet my approval.

The Public Accounts Committee from year to year kept close scrutiny on the activities of the Indian Stores Department and felt convinced that the Department has failed in its objective. In 1929 the Public Accounts Committee definitely recommended to the Government of India as follows :—

“We wish therefore to record a recommendation that if the Government are satisfied that the department is so organised that it is capable of purchasing stores with efficiency (as regards testing quality, etc.), and economy, on a standard comparable to that attained by the departments when purchasing on their own account, then the Government should issue orders that all stores (other than stores of a special technical nature) required by any Government Department should in future be purchased through the Indian Stores Department; and that if the Government are not so satisfied then they should appoint a Committee of the Legislative Assembly to enquire into the present position and working of the Indian Stores Department.”

The Public Accounts Committee has all along insisted that the Indian Stores Department must be self-supporting. The weighty recommendations quoted above, have not been given effect to, so far, nor have the Government of India come to any definite decision, about their store purchase policy. On the other hand, the Government of India in the Industries and Labour Department addressed a letter to the members of the Stores Retrenchment Committee stating that the Government of India (in all their Departments) propose to suspend the formulation of their views and intentions about their store purchase policy until they receive the advice of the Retrenchment Advisory Committee. These are well-known dilatory tactics. This is nothing but turning the table on the Legislature, a statutory committee of which, namely, the Public Accounts Committee has all along insisted, since 1926, that the Government of India should adopt definite store purchase policy and should see that the Indian Stores Department becomes self-supporting.

The Stores Purchase Committee of 1920 in recommending the organisation of the Indian Stores Department definitely laid down three great principles. These are :—

- (1) Centralisation of purchase of all stores of the Government of India through one Department—the Indian Stores Department and the abolition of the Stores Department in London ;

- (2) Encouragement of Indian industries by the purchase of supplies required for the public services so far as possible in the country itself by purchase of articles of Indian origin ; and
- (3) Preference to the employment of statutory natives of India as officers and staff of Indian Stores Department.

I have kept close scrutiny over the activities of the Indian Stores Department since I became a member of Assembly in 1924 and I feel it has failed all along to appreciate these underlying principles that would have governed its actions. I am still of the same opinion, as I have been all along in the Public Accounts Committee, that the Indian Stores Department cannot be a self-supporting department and therefore it is best to abolish it, unless the Government of India reach definite decisions in line with the recommendations of the Stores Purchase Committee regarding their Stores Purchase policy. This, I am afraid, the Government of India are not in a position to do owing to conflicting interests and inter-departmental jealousies.

I think my colleagues in the Committee feel that they will be able to influence the Government of India to reach definite conclusions in their stores purchase policy and they anticipate that their recommendations in their final report should be given effect to. I am firmly of opinion that my colleagues will be disillusioned in the end. However to give my colleagues a chance to re-construct the Indian Stores Department on real national lines I sign this *interim* report. I will go with them in the final report if they satisfy me, from definite information obtained from the Government of India, that the Indian Stores Department will be self-supporting at least and it will not land the taxpayers into an annual loss of Rs. 6,85,000 (in 1929-30) now reduced by Rs. 2 lakhs and 50 thousand if the recommendations of this *interim* report are given effect to by the Government of India.

Enclosure 2.

Note by chairman and the other members excluding Mr. Das.

A perusal of the *ad interim* recommendations of the Committee will clearly show that Mr. Das has not correctly stated the views of the majority of the Committee. The Committee has yet to examine the representatives of the various departments of Government as to their attitude towards the Indian Stores Department and also the Chief Controller of Stores and the respective heads of the organisations in the provinces as to further retrenchments that it may be possible to effect. If the Indian Stores Department is not to be saddled with the annual loss incurred by the Alipore Test House and if our recommendations regarding economies in the Department are carried out, it will be seen that the Indian Stores Department can continue to work without any appreciable loss. But even if the Department has to meet a small deficit, we have no hesitation in saying that the abolition of the department will be a serious blow to the development and encouragement of Indian industries.

APPENDIX III.

LIST OF WITNESSES WHO FURNISHED WRITTEN MEMORANDA.

A.—*Chambers of Commerce, business firms and other Associations.*

1. The Murarka Paint and Varnish Works, Ltd., Calcutta.
2. Chittagong Chamber of Commerce, Chittagong.
3. Delhi Piece-goods Association, Delhi.
4. Inderman, Lahore.
5. The Punjab Chamber of Commerce, Delhi.
6. The Employers' Federation of Southern India, Madras.
7. The Buyers' & Shippers' Chamber, Karachi.
8. Burma Chamber of Commerce, Rangoon.
9. The Karachi Chamber of Commerce, Karachi.
10. Calcutta Import Trade Association, Calcutta.
11. Gwalior Chamber of Commerce, Lashkar.
12. The Southern India Chamber of Commerce, Madras.
13. Calcutta Trades' Association, Calcutta.
14. Maharashtra Chamber of Commerce, Bombay.
15. The Chamber of Commerce, Bombay.
16. The National Dye & Waterproof Works, Ltd., Tollygunge.
17. The Madras Chamber of Commerce, Madras.
18. Wright Pinhorn & Partners, Ltd., Simla.
19. B. R. Herman & Mohatta, Ltd., Karachi.
20. Cocanada Chamber of Commerce, Cocanada.
21. Rangoon Trades' Association, Rangoon.
22. Cowasjee & Sons, Karachi.
23. Calicut Chamber of Commerce, Calicut.
24. The Marwadi Chamber of Commerce, Ltd., Bombay.
25. The Northern India Chamber of Commerce, Lahore.
26. Indian Chamber of Commerce, Calcutta.
27. The Marwari Association, Calcutta.
28. Bengal Chamber of Commerce, Calcutta.
29. The Bombay Shareholders' Association, Bombay.
30. Bombay Piece-goods Native Merchants' Association, Bombay.
31. D. Sasson & Co., Ltd., Bombay.
32. The Burma Indian Chamber of Commerce, Rangoon.

33. The Behar and Orissa Chamber of Commerce, Patna.
34. Upper India Chamber of Commerce, Cawnpore.
35. Bird & Co., Lahore.
36. Alfred Herbert (India), Ltd., Calcutta.
37. A. & J. Main & Co., Ltd., Calcutta.
38. The East India Carpet Company, Limited, Amritsar.
39. The Elgin Mills Co., Ltd., Cawnpore.
40. International General Electric Company, Bombay.
41. W. T. Henley's Telegraph Works Company, Ltd., Calcutta.
42. Angus Engineering Works, Angus (Bengal).
43. F. Harley & Co., Calcutta.
44. John Fleming & Co., Ltd., Bombay.
45. Birkmyre Bros., Calcutta.
46. Britannia Building & Iron Co., Ltd., Calcutta.
47. Howrah Oil Mills Company, Limited, Calcutta.
48. Greaves Cotton & Co., Ltd., Bombay.
49. Symington Cox & Co., Ltd., Bombay.
50. P. Mukerjee & Co., Ltd., Delhi.
51. The Indian Hume Pipe Co., Ltd., Bombay.
52. The Bangalore Woollen Cotton & Silk Mills Co., Ltd., Bangalore.
53. Silvertown Lubricants (India), Limited.
54. The Sir Shapurji Broacha Mills, Ltd., Bombay.
55. The Crittall Manufacturing Co. (India), Ltd., Bombay.
56. Standard Telephones & Cables, Limited, Calcutta.
57. The Buckingham & Carnatic Company, Limited, Madras.
58. The General Electric Trading Co., Karachi.
59. Bitumuls (India), Ltd., Calcutta.
60. Callender's Cable & Construction Co., Ltd., Bombay.
61. Heatly & Gresham, Limited, Calcutta.
62. Plummer Bros., & Co., Calcutta.
63. Jardine Skinner & Co., Calcutta.
64. William Jacks & Co., Karachi.
65. The Industrial Factory and Lock Works, Aligarh.
66. J. H. Johnson & Co., Aligarh.
67. Stewarts and Lloyds, Limited, Calcutta.
68. The Sirdar Carbonic Gas Co., Ltd., Bombay.

69. The Solem Hardware Mart, Bombay.
70. Napier Paint Works, Calcutta,
71. Best & Company, Limited, Madras.
72. Pohoomull Brothers, Karachi.
73. The "Sparling" Patent Lock Works, Aligarh.
74. The Standard Oil Company of New York, Calcutta.
75. The General Engineering Supply & Utility Co., Lahore.
76. The Tata Oil Mills Company, Limited, Bombay.
77. Jessop & Co., Ltd., Calcutta.
78. The North West Soap Company, Ltd., Calcutta.
79. The Dharamsi Morarji Chemical Co., Ltd., Bombay.
80. Sulzer Brothers, Calcutta.
81. The C. P. Cement Company, Limited, Bombay.
82. Tata Sons, Ltd. (Mills Department), Bombay.
83. Arnold & Co., Ltd., Bombay.
84. Calcutta Mineral Supply Co., Ltd., Calcutta.
85. Clark & Greig, Limited, Rangoon.
86. The Indian Aluminium Co., Ltd., Madras.
87. Godrej & Boyce Manufacturing Co., Bombay.
88. Bhagwan Dass & Sons, Calcutta.
89. Burn & Co., Limited, Howrah.
90. The Bengal Waterproof Works, Calcutta.
91. Bengal Glass Works, Limited, Calcutta.
92. Killick Nixon & Co., Bombay.
93. G. T. R. Company, Calcutta.
94. The Cement Marketing Company of India, Ltd., Bombay.
95. The New Premier Oil Mills, Cawnpore.
96. Irrawaddy Flotilla Company, Limited.
97. Braithwait & Co. (India), Limited, Calcutta.
98. Road Oils (India), Ltd., Calcutta.
99. The English Electric Company, Limited, Calcutta.
100. Perfect Pottery Company, Ltd., Jubbulpore.
101. Burmah-Shell Oil Storage & Distributing Company of India, Ltd.,
Calcutta.
102. Marker Goldsteane & Co., Bombay.
103. Nundun Bros. & Co., Calcutta.

104. The Indian Cable Co., Ltd., Calcutta.
105. S. C. Das & Co.
106. The Delhi Cloth & General Mills Co., Ltd., Delhi.
107. Mohamed Ahmed Md. Said, Delhi.
108. C. M. Hadow & Co., Srinagar.
109. Martin & Co., Calcutta.
110. Dey & Co., Calcutta.
111. Chatra Cottage Industrial Works, Calcutta.
112. The Lister Antiseptics & Dressings Co., Ltd., Calcutta.
113. The Crompton Engineering Co. (Madras), Ltd., Madras.
114. The Gourepore Company, Limited, Calcutta.
115. John King & Company, Ltd., Calcutta.
116. Ladakhchand Oghaddas Vora, Bombay.
117. The Millowners' Association, Bombay.
118. S. D. D. Gilder & Co., Bombay.
119. The Ahmedabad Manufacturing & Calico Printing Co., Ltd.,
Ahmedabad.
120. Duncan Stratton & Co., Bombay.
121. J. N. Choudhury & Son, Calcutta.
122. Phillips Electrical Co. (India), Ltd., Calcutta.
123. Osman Chotani & Co., Bombay.
124. Bengal Chemical & Pharmaceutical Works, Ltd., Calcutta.
125. Aberthaw & Bristol Channel Portland Cement Co., Ltd., London.
126. S. Oppenheimer & Co., Ltd., Rangoon.
127. The Diamond Jubilee Lock Factory, Aligarh.
128. The Mysore Iron Works, Bhadravati.
129. The Indian Merchants' Chamber, Bombay.
130. The Acme Manufacturing Co., Ltd., Bombay.
131. The Karachi Indian Merchants' Association, Karachi.
132. The Grain Merchants' Association, Bombay.
133. Purison Typewriter & Supply Co., Ludhiana.
134. The Bengal National Chamber of Commerce, Calcutta.

B.—Other witnesses.

(1) *Officials—*

1. The Air Officer Commanding, Royal Air Force in India.
2. The Mint Master, Bombay.
3. The Superintending Engineer, P. W. D., Jaipur State.
4. The Master, Security Printing, India, Nasik Road.

5. The Director-General, Indian Medical Service.
6. The Agent, East Indian Railway.
7. The Mint Master, Calcutta.
8. The Secretary to the Chief Commissioner of Coorg.
9. The Flag Officer Commanding the Royal Indian Marine, Bombay.
10. P. N. Mukerjee, Esq., Deputy Chief Accounts Officer, East Indian Railway, Calcutta.
11. The Controller of Printing and Stationery, India, New Delhi.
12. The Agent, North Western Railway, Lahore.
13. The Director of Civil Aviation in India.
14. The Chief Engineer, Central Public Works Department.
15. The Agent, G. I. P. Railway, Bombay.
16. The Chief Engineer, Irrigation Works, Punjab.
17. The Chief Commissioner, North-West Frontier Province.
18. The Chief Engineer, Lloyd Barrage and Canals Construction, Karachi.
19. The Secretary, Railway Department (Railway Board).
20. The Engineer-in-Chief, Army Headquarters.
21. The Master General, Ordnance, Army Headquarters.
22. The Quarter Master General, Army Headquarters.
23. The Agent, Burma Railways.
24. The Commissioner, Northern India Salt Revenue.
25. The Secretary to the Government of Bihar and Orissa, Revenue Department.
26. The Superintendent, Government Test House, Alipore.
27. The Director-General, Posts and Telegraphs.
28. The Agent to the Governor General and Chief Commissioner in Baluchistan.
29. J. F. Summersgill, Esq., Assistant Engineer, Indian Stores Department, Bombay.
30. The Audit Officer, Indian Stores Department.
31. The Chief Commissioner, Andaman and Nicobar Islands.
32. The Secretary to the Government of Bombay, Political Department.
33. The Secretary to the Government of Assam, Finance Department.
34. The Secretary to the Government of the United Provinces.
35. The Secretary to the Government of Bengal, Commerce and Marine Departments.

36. The Financial Secretary to Government, Central Provinces.
37. The Secretary to the Government of the Punjab, Finance Department.
38. The Secretary to the Government of Madras, Finance Department.

(2) *Non-officials*—

1. Mr. Biharilal Batra, Calcutta.
2. Mr. A. M. Reith, Bombay.
3. Mr. N. P. Sujan, Metal and Hardware Merchant, Karachi.
4. Lieutenant-Colonel K. M. Kirkhope, C.I.E.
5. Mr. E. A. Currim, Calcutta.
6. L. Lahauri Mall, B.A., Army Contractor, Ludhiana.

APPENDIX IV.

LIST OF WITNESSES EXAMINED ORALLY.

1. The Officer in Charge, Government of India Press, Calcutta. .
2. The Officer in Charge, Central Publication Branch, Calcutta.
3. The Officer in Charge, Forms Press and Store, Calcutta.
4. The Controller of Printing and Stationery.
5. The Deputy Controller of Stationery.
6. The Superintendent, Alipore Test House.
7. Rai Bahadur J. P. Ganguli, Indian Stores Department.
8. Mr. P. Mohan Rao, Audit Officer, Indian Stores Department.
9. Mr. J. S. Pitkeathly, Chief Controller of Stores.
10. Mr. J. A. Shillidy, I.C.S., M.L.A.
11. Mr. P. N. Mukherji, Deputy Chief Accounts Officer, East Indian Railway.
12. Mr. T. G. Russel, Chief Commissioner, Railways.
13. Mr. (now Sir) A. A. L. Parsons, Financial Commissioner, Railways.
14. Mr. Hare-Duke, Deputy Controller of Stores.
15. Lieutenant-Colonel Stagg, R.E., Mint Master, Calcutta.
16. Mr. D. J. Banerjee, of Messrs. Kuver, Limited.
17. Mr. Anderson, of the Burma-Shell Oil Storage and Distributing Company, Limited.
18. Mr. Gahan, Controller of Purchase, Calcutta Circle.
19. Mr. Davy, Controller of Inspection, Indian Stores Department, Calcutta Circle.
20. Mr. A. S. Gillespie, Representative of the Chamber of Commerce, Bombay.
21. Mr. N. B. Saklatwala, C.I.E. } Representatives of Messrs. Tata
22. Mr. Mather } Sons, Limited.
23. Mr. Venkatanaranappa, General Manager, Mysore Iron Works, Bhadravati.
24. Mr. A. M. Reith, Merchant of Bombay.
25. Mr. R. S. D'Arcy, Controller of Purchase, Bombay Circle.
26. Mr. B. N. Dutta, Assistant Controller of Inspection.
27. Mr. F. Stones, Representative of the Bombay Millowners' Association.
28. Mr. Jannadas Mehta } Representatives of the Indian Merchants'
29. Mr. N. M. Mazumdar } Chamber, Bombay.
30. Mr. Ramalingam }
31. Mr. J. A. D. Naoroji, Representative of Messrs. Tata Sons, Limited, Agents for the Tata Oil Mills Company, Limited.
32. Major R. Crofton, M.C., R.A., Assistant Director of Artillery.
33. Lieutenant-Colonel A. FitzGerald, O.B.E., I.A.S.C., Officiating Director of Contracts.

APPENDIX V.

NOTE DATED THE 25TH SEPTEMBER, 1931, BY THE CHIEF CONTROLLER OF STORES IN REGARD TO INDIANIZATION IN THE INDIAN STORES DEPARTMENT.

At the time of its amalgamation with the Stores Department, the Inspection Branch consisted of the Government Test House, to which was attached a staff of Inspectors for the inspection of local manufactures on behalf of Railways in the Calcutta area, and the Metallurgical Inspectorate. It comprised 13 officers, of whom 11 were Europeans and 2 Indians.

The position today is a total staff of 53 technical officers, of whom 30 are Indians and only 23 are Europeans. One of the latter is due to retire on the 1st December 1931 and the question of terminating the services of another is under consideration, leaving a proportion of 30 to 21 in favour of Indians.

It has been possible to obtain this result only by making the utmost efforts to Indianize the Department even with some sacrifice of efficiency.

The technical staff of the Department includes specialists in various branches of engineering. Great difficulty has in some cases been experienced in obtaining suitably qualified Indians. I explain briefly the position in the various branches serially.

(1) *Metallurgists.*

Indians	..	..	..	..	4
Europeans	..	..	..	..	3

Out of a total of five appointments, there was only one Indian in this branch at the time of the constitution of the Department. At present four of the seven Metallurgists are Indians.

The last appointment of an European to this Branch was made in 1925 and all the recruits appointed since then have been Indians. I may here mention that the Government of India, in 1923, sanctioned a scheme for awarding scholarships to young Indians for the purpose of studying metallurgy in Europe. Since this scheme was introduced, four Indian students have been granted scholarships, three of whom have, on the completion of their training, been appointed to superior appointments in the Indian Stores Department. The fourth scholar is still under training.

(2) *Engineer Physicists.*

Indians	..	..	..	..	2
European	..	..	..	..	<i>Nil.</i>

There are two posts in this branch, both of which are now held by Indians.

(3) *Chemists.*

Indians	..	..	..	..	3
European	..	..	..	..	1

This branch has also been entirely Indianized, with the exception of the head of the Government Test House, who is a European and a chemist.

(4) *Electrical Engineers.*

Indians	..	..	..	3
European	..	..	..	Nil.

(5) *Textile Specialists.*

Indians	..	..	..	5
European	..	..	..	Nil.

The figures require no comment.

(6) *Mechanical and General Engineers.*

Indians	..	..	..	5
Europeans	..	..	..	12

(7) *Bridge and Structural Engineers.*

Indians	..	..	..	3 plus one probationer.
Europeans	..	..	..	3

(8) *Wagon and Rolling Stock Specialists.*

Indians	..	..	..	2 plus one probationer.
Europeans	..	..	..	3

(9) *Specialists in Foundry Work.*

Indian	..	..	..	1
European	..	..	..	1

The reason for comparatively small proportion of Indians in sections (6), (7), (8) and (9) is the difficulty in securing Indians possessing a wide theoretical and practical knowledge of these branches of Engineering. At the same time every effort has been made to recruit Indians for these posts whenever possible and no European officer has been recruited without first thoroughly exploring all possibilities of finding suitable Indians with the requisite qualifications.

The procedure is that the Public Service Commission through whom the recruitment is made is specifically instructed to invite applications only from statutory Indians. Then, if it is not found possible to effect recruitment in India owing to the lack of suitable candidates, the High Commissioner for India is instructed to give preference to all Indian applicants who possess the requisite qualifications. In the third place, a scheme has been in operation in the Department during the past four years for the training of Indians for employment in the Inspection Branch of the Department. Two Indians were appointed for this purpose on the recommendation of the Public Service Commission on a three years course. Unfortunately, one of them did not come up to expectation and his services were therefore terminated. He has recently been re-engaged in the subordinate ranks. After satisfactory completion of his training, the second candidate has been appointed to a superior post in the Department. Two other Indian probationers, also selected by the Public Service Commission, are at present under training, one in structural and

On the recommendation of the High Commissioner for India, arrangements were made for the provision of facilities for training for an Indian Engineer who applied for one of the vacant posts in the Inspection Branch, but was not considered fully qualified. He has recently completed his training and joined the Department in a superior post as a Bridge and Structural Engineer.

I may add that with a view to enabling Indians to acquire a more advanced and up-to-date knowledge and experience of theoretical and practical engineering and so fit themselves to hold the higher posts in the Inspection Branch of the Department, the Government of India sanctioned the deputation to Europe of an officer of the Department in 1929 and also made arrangements with the High Commissioner to place facilities at his disposal for the acquisition of the knowledge and experience which were required.

It will be observed from what has been stated that every endeavour has been made to recruit Indians for service in the gazetted ranks of the Inspection Branch of the Department, and special facilities have been granted to Indians to fit themselves not only for the lower but for the higher posts in the Department.

REPORT

OF THE

**Public Works, Accounts and Audit Departments
Sub-Committee**

OF THE

Retrenchment Advisory Committee



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**REPORT OF THE PUBLIC WORKS, ACCOUNTS AND AUDIT
DEPARTMENTS SUB-COMMITTEE OF THE RETRENCHMENT
ADVISORY COMMITTEE.**

Constitution of the Sub-Committee.

Mr. K. C. NEOGY, M.L.A. (CHAIRMAN).

The Hon'ble Mr. ABU ABDULLAH SYED HUSSAIN IMAM.

Mr. G. MORGAN, C.I.E., M.L.A.

Diwan Bahadur R. N. AROGASWAMY MUDALIAR.

Rai Bahadur BISHEN SWARUP.

Mr. M. K. MITRA.

Mr. C. V. SRINIVASA RAO (SECRETARY).

Introductory.

We beg to submit our report on the expenditure of the Central Government in the Public Works, Accounts and Audit Departments.

The terms of reference were as follows :—

To make recommendations to the Committee for effecting forthwith or by stages all possible reductions in the public expenditure of the Government of India under the review of the Sub-Committee having regard especially to the present and prospective position of the revenues. In so far as questions of policy are concerned, these will be left for the exclusive consideration of Government, but it will be open to the Sub-Committee to review the expenditure and to indicate the economies which can be effected if particular policies were either adopted, abandoned or modified.

We held our preliminary meetings at Calcutta from the 7th to 11th July 1931 and subsequently met at Simla from the 3rd to 22nd August, where we took the evidence of departmental and other witnesses, a list of whom is given in Appendix I to the report. We again met at Calcutta on the 26th and 27th August 1931 to consider and sign the report.

PART I.

SECTION I.

Irrigation.

1. The following table shows the expenditure under this head in 1924-25 and the provision made in the budget estimates for the years 1930-31 and 1931-32 :—

	Actuals 1924-25.	Budget estimate 1930-31.	Budget estimate 1931-32.
<i>Expenditure in India.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>
Interest	11,98,270	12,38,000	12,87,000
Capital works charged to revenue ..	92,539	4,28,800	2,11,000
Working expenses :—			
(a) Works and extensions and improvements.	84,669	4,87,000	2,73,500
(b) Maintenance and repairs	7,80,217	4,77,200	5,05,000
(c) Other charges		42,200	59,200
Establishments	5,90,100	9,73,400	10,13,300
Tools and Plant	17,027	19,300	21,100
Grants in aid, contributions, etc.			4,600
Suspense	2,569	4,500	500
Pensionary charges	1,13,277	1,35,200	1,37,800
Other charges	73,583		
Deduct—English charges included above		—77,000	—78,000
Deduct—Contributions from Local Funds		—29,700	—73,000
Reserve		15,000	10,000
Deduct—Probable savings		—2,53,900	—2,61,000
Expenditure in England		77,000	78,000
Total	29,52,251	35,37,000	31,89,000
Revenue	18,07,886	23,65,000	23,59,000

2. The increase in expenditure largely relates to the North-West Frontier Province and Baluchistan. The decrease in the provision for 1931-32 as compared with 1930-31 is partly due to certain schemes of irrigation in these two areas, which were in progress in previous years having either been completed, or nearing completion. As compared with the expenditure for 1924-25 the estimates for 1930-31 and 1931-32 under 'Maintenance and repairs' show a decrease. This is explained by the fact that special expenditure to the extent of Rs. 4,28,000 had to be incurred in 1924-25 on repairing the damages caused by the erosion at Dera Ismail Khan. If this is deducted the increase in irrigation expenditure would be about 10 lakhs with reference to the figures for 1930-31 and about 6½ lakhs with reference to the estimate for the current year. For purposes of comparison we have taken 1924-25 as the starting point as that was the year in which, we believe, the results of the recommendations of the Inchcape Committee were fully reflected.

3. Prior to 1923, the staff of the North-West Frontier Province consisted of a Superintending Engineer and three Executive Engineers

in charge of three Divisions, two for the Upper Swat Canal and one for the Lower Swat and Kabul Canals. As a result of the recommendations of the Inchcape Committee one of the Upper Swat Canal Divisions was closed down in 1923. This was, however, reopened in 1926. It has been put to us that the reopening of the Division was necessary as it proved impossible for a single officer to superintend the growing irrigation in addition to the work involved in the maintenance of the head works and that the closure of the Division in 1923 not only checked the increase in irrigation which had previously been taking place but caused a rapid fall in the areas annually irrigated. We have examined this question carefully and we confess that we are not convinced that the closure of the Division was solely responsible for the fall in the area irrigated. The following figures are interesting :—

NORTH-WEST FRONTIER PROVINCE.

Area irrigated.

Year.	Area irrigated in acres.			Remarks.
	Kharif.	Rabi.	Total.	
<i>Lower Swat Canal.</i>				
1918-19	71,825	89,201	161,026	
1919-20	76,899	85,174	162,073	
1920-21	62,101	91,409	153,510	
1921-22	80,643	95,101	175,744	
1922-23	73,483	96,978	170,466	
1923-24	73,634	85,129	158,763	
1924-25	77,217	79,787	157,004	
1925-26	82,052	77,870	159,922	
1926-27	72,069	71,614	143,683	
1927-28	76,796	84,319	161,115	
1928-29	76,942	78,976	155,918	
1929-30	82,698	78,622	161,320	
<i>Kabul River Canal.</i>				
1918-19	24,399	21,570	45,969	Largest area on record.
1919-20	24,504	21,269	45,773	
1920-21	22,955	23,118	46,073	
1921-22	27,379	23,949	51,328	
1922-23	25,183	22,753	47,936	
1923-24	25,416	20,799	46,215	
1924-25	25,730	20,773	46,503	
1925-26	27,976	19,907	47,883	
1926-27	26,208	20,037	46,245	
1927-28	26,705	22,146	48,851	
1928-29	27,270	20,671	47,941	
1929-30	28,295	19,810	48,105	

Year.	Area irrigated in acres.			arks.
	Kharif.	Rabi.	Total.	
<i>Upper Swat Canal.</i>				
1918-19	41,047	84,335	125,382	
1919-20	50,978	87,216	138,194	
1920-21	38,165	109,263	147,428	
1921-22	72,704	113,131	185,835	
1922-23	62,804	119,029	181,833	
1923-24	57,881	96,555	154,436	
1924-25	59,144	92,905	152,049	
1925-26	67,203	93,473	160,676	
1926-27	67,086	90,923	158,009	
1927-28	72,819	108,828	181,647	
1928-29	79,264	116,022	195,286	
1929-30	89,643	119,366	209,009	Largest area on record.

It will be observed that there is a certain parallelism in the fluctuations in the area irrigated under each of the canals and the fluctuations are not confined to the Upper Swat Canal alone. Prior to 1926-27, in respect of the area irrigated the peak was reached in 1921-22; thereafter, the increase was arrested and there was a gradual fall under all the canals till 1926-27 when it again began to rise. Further, of the three canals the Upper Swat Canal was the last to be constructed, having been opened from about 1916. We understand that practically all the distributaries have now been laid out and that two important distributaries have been added during the last few years which are stated, on full development, to irrigate about 17,500 acres. We are therefore inclined to think that the fall in irrigated areas between 1923-24 and 1926-27 was not due so much the closing of the Division as to causes common to all the canal systems in the province and that the rise in recent years is due more to normal growth and extensions of distributaries than to the reopening of the Division. The works outlay (which relates largely to maintenance and repairs) for the years 1930-31 and 1931-32 is less than 3 lakhs. We consider that the Upper Swat Canal may now be regarded as a more or less settled system like the other canals and that a single Division should suffice for the future. But it may be necessary to retain some of the sub-Divisions of the Division abolished, making a suitable redistribution of work. The savings would be in the neighbourhood of Rs. 40,000.

4. But the most important development, and certainly that which has most affected the staff of the province, was the decision made last year that the complete management, technical and revenue, of the so-called civil canals, which had been previously in charge of district officers, should be transferred, as an experimental measure for three years, to the Irrigation Department, functioning in close touch with the Deputy and Revenue Commissioners. The transfer appears to have been

made in pursuance of the recommendation contained in the following extract from the Report of the Royal Commission on Agriculture :—

‘ We would suggest that the possibility of transferring the most important district canals, if not all of them, to the charge of the Irrigation Department should be examined. If for reasons of the existence of which we are not aware there are objections to the transfer of the canals to the Irrigation Department we are of opinion that steps should be taken to ensure that the Deputy Commissioners have the assistance of a competent staff in dealing with them. ’

5. The transfer resulted in the creation of a post of Chief Engineer and 2 Divisions, and the scheme is estimated to cost 3 lakhs per annum, 1 lakh under maintenance and repairs and 2 lakhs under establishment which is stated to be the minimum establishment—at least in the earlier stages. We understand that what the Irrigation Department is trying to do is to get better alignment, more *pucca* head works and drainage works. We have discussed this subject carefully with the Consulting Engineer to the Government of India and the Chief Engineer, North-West Frontier Province. We are informed that the canals are scattered all over the province in all sorts of nooks and corners and serve very small areas—sometimes 10 acres. Petty works of a somewhat similar nature are generally attended to elsewhere by the revenue department. We are inclined to think that the existing experimental arrangement in the Frontier Province, is an expensive one and that, in the interests of economy, the question of the retransfer of these canals to the revenue authorities should be examined at an early date. We recognise that the canals might have required improvements. But once the important improvements are completed it should in our opinion be feasible to hand them over to the revenue authorities. As the Irrigation Department started work on these canals—particularly the canals in the Dera Ismail Khan District which were understood to be in a specially unsatisfactory condition—last year, we suggest that the position might appropriately be reviewed before the close of this year with a view to decide whether the canals cannot be handed back to the revenue authorities from next year. We estimate that this will result in appreciable savings—say 1½ lakhs—even after making increased provision for their maintenance by district officers.

6. In any case, we consider that the retention of two posts, namely, a Superintending Engineer and a Chief Engineer cannot be justified, and we suggest the abolition of the post of Superintending Engineer from next year, saving about Rs. 25,000 per annum.

7. We have also reviewed the procedure of assessment and the maintenance of the records of assessment. In this connection, we were authoritatively informed that the Deputy Collectors employed in the Public Works Department to assist in assessment were a fifth wheel in the coach and that they could easily be dispensed with. We accept the recommendation. This would result in recurring savings to the extent of about Rs. 15,000—there is a provision of Rs. 15,300 in the Demand for Grants for 1931-32.

8. It is also understood that it is contemplated to introduce a new method of registering the irrigation which is calculated to do away with the enormous labour in abstracting the demand statement. This would mean a recurring annual saving of about Rs. 7,500 in the cost of the revenue staff.

9. We were informed that it was proposed to try another, and more weeping change, namely, the introduction of a fixed assessment which would do away with the necessity for an expensive revenue staff altogether. We have no comments to make on this beyond stating that it is a proposal worth trying.

10. Another suggestion which we discussed with the authorities was to make the owners directly responsible for the payment of water rates instead of through the agency of lambardars who are paid commission for their services. We do not see any objection to this being done. Considering that the change would result in a saving of about Rs. 50,000—this is the provision included in the Demands for Grants for 1931-32—we suggest that the feasibility of giving effect to it be examined by Government at an early date.

11. While on the subject of assessment we wish to remark that it is not clear to us why the work of assessment could not be transferred to the revenue authorities who have already got a staff for assessing and collecting land revenue; and the transfer of the work relating to irrigation assessments would, if at all, require very little additional establishment, while the cost of the revenue staff (excluding the Deputy Collectors mentioned in a previous paragraph), working in the Public Works Department at present is about 1 lakh. We are aware that the existing arrangement is supported by the practice obtaining in the Punjab. We are, however, informed that at least in one other province the work is done by the revenue authorities and that the arrangement has been both economical and satisfactory.

12. The marked increase in expenditure in Baluchistan since 1929 is due to a more forward policy in the matter of providing irrigation facilities. Prior to that year, the only Government irrigation works in that area were one or two comparatively insignificant canals in charge of an Assistant Engineer. In that year a temporary post of Superintending Engineer and of Executive Engineer were sanctioned for a period of two years, and this has been subsequently extended by another two years. The position at present appears to be that a survey of the irrigation possibilities has been made and an ordered programme of development has been drawn up. Three fairly large schemes have been completed or are about to be completed. It is very unlikely that any large schemes will be undertaken in the near future, and considering that the works outlay even at present cannot be regarded as heavy—it was 3,04,000 in 1929-30, 5,36,000 in 1930-31 and a provision for 3,41,000 exists in the budget for 1931-32—we are of opinion that it is unnecessary to retain the post of Superintending Engineer. We would not recommend the abolition of the (other additional) post of Executive Engineer. We not only recommend that that post may for the present be continued, but also a post of Assistant Engineer may be created to enable the Executive Engineer to devote sufficient attention to any

important problems that may arise in connection with the Sukkur Barrage and other cognate matters.

13. The creation of the Central Bureau of Irrigation was recommended by the Royal Commission on Agriculture which stated that it might be suitably placed in charge of the Consulting Engineer to the Government of India. Its main functions were to establish and maintain a comprehensive library of irrigation publications needed by provincial offices. It was meant to be something more than a mere repository of information and a centre for answering enquiries and was expected to reach a wider public than the Irrigation Department. We are informed that the Government of India have agreed to find the cost of the Bureau for the current year after which date it would require to be borne by the provinces. The provision for the current year is Rs. 35,000 which includes the cost of an officer (on the pay of an Executive Engineer *plus* Rs. 400 special pay) and a small subordinate staff. It is understood that Madras has declined to contribute, that Bombay has also declined to pay and that Bengal has not yet replied. We consider that the Central Bureau should be abolished unless the provinces are prepared to contribute their full share of the expenditure, and even then we consider it unnecessary to have a full time officer. In our opinion, such work as may require to be done in this connection may conveniently be entrusted to the technical personal assistant to the Chief Engineer (suggested in paragraph 51 of this report) and under the control of the Chief Engineer. As compared with the provision made this year the savings would roughly amount to Rs. 33,000.

Conclusions.

14. Having reviewed the expenditure under the head 'Irrigation' we recommend that—

- (1) the work of the two existing divisions for the Upper Swat Canal in the North-West Frontier Province be amalgamated under one division resulting in a recurring saving of about Rs. 40,000 ;
- (2) the experimental arrangement in the North-West Frontier Province in respect of the so-called civil canals be reviewed at a very early date with a view to decide whether they cannot be made over to district officers from next year. This will give a recurring saving of Rs. 1½ lakhs ;
- (3) the post of Superintending Engineer (with his personal staff) in the North-West Frontier Province be abolished from next year, saving Rs. 27,000 per annum ;
- (4) the 3 posts of Deputy Collectors employed in the Irrigation Department to assist in assessment work be abolished, saving Rs. 15,000 per annum ;
- (5) the procedure for the registration of irrigation be improved, saving Rs. 7,500 per annum ;
- (6) the feasibility of making owners of land directly responsible for the payment of water rates instead of through ~~land~~ ^{lambardars} be examined. This will save about Rs. 50,000 per annum, being the provision made at present for fees to lambardars ;

- (7) the question of transferring the assessment from the Irrigation to the Land Revenue Department be examined so as to do away with the special revenue staff employed in the former department at a cost of Rs. 1 lakh per annum ;
- (8) the temporary post of Superintending Engineer in Baluchistan be abolished and a post of Assistant Engineer created to assist the Executive Engineer, saving Rs. 20,000 per annum ;
- (9) the Central Bureau of Irrigation be either abolished or other arrangements be made to carry out its functions as explained in paragraph 13, saving Rs. 33,000 per annum.

SECTION II.

Civil Works (and Frontier Watch and Ward).

15. The following table shows the expenditure under Civil Works and Frontier Watch and Ward) in 1924-25 and the provision in the Budget for 1930-31 and 1931-32. For making a proper comparison the figures (under the principal sub-heads of expenditure) relating to outlay on buildings and communications connected with the defence of the Frontier recorded in the accounts under a separate head 'Frontier Watch and Ward' since 1927-28 have been shown separately from the figures for Ordinary Civil Works :—

(In thousands of rupees.)

	Actuals 1924-25		Budget 1930-31		Budget 1931-32	
	Ordinary Civil Works.	Watch and Ward expenditure.*	Ordinary Civil Works.	Watch and Ward expenditure.	Ordinary Civil Works.	Watch and Ward expenditure.
<i>Expenditure in India.</i>						
works	40,49	36,00	61,07	41,30	28,14	18,57
repairs	55,27	14,00	82,17	26,35	80,50	26,02
establishments	19,23	6,60	29,27	10,21	22,89	7,15
tools and Plant	1,77	50	2,90	89	2,58	64
grants-in-aid		53		4,24		2,73
expense		2,38		5,56		—1,10
service .. .. .		..		4,68		3,77
appropriation to Road Development Fund.		..	1,08,00		1,01,00	
deduct—Cost of English stores and establishment.		—19		—84		—25
deduct—Amount to be recovered from the Road Development Fund.		..		..		—57
deduct—Probable savings ..		..		—14,82		..
Total	1,76,58		3,60,98		2,92,07	
expenditure in England		84		1,21		1,60
as by exchange		31		..		..
Grand total	1,77,73		3,62,19		2,93,67	

16. We shall first deal with Ordinary Civil Works. Under Original Works the provision for the current year is distributed as follows :—

Major Works—Works in progress	20,62,300
New Works	47,500
Minor Works	7,04,000
Total	28,13,800

We understand that contracts or agreements of some kind have been entered into for nearly all the major works and that most of the works are nearing completion. In the circumstances, we do not wish to suggest postponement of expenditure. We observe that the works in progress would probably require a provision of about 5 lakhs next year. If no new works are undertaken—and we definitely recommend they should not—the provision under the head ‘Original Works—Major Works’ could be reduced by about 15 lakhs next year.

As regards minor works, we suggest that immediate steps be taken to ascertain the exact extent of existing commitments and the expenditure this year be limited to that amount. The provision for next year should be susceptible of substantial curtailment and we recommend that provision should be made only for emergent works, saving about 4 lakhs.

17. The expenditure on repairs has risen from about 54 lakhs in 1924-25 to about 80 lakhs at present. We feel that there is scope for considerable reduction. In regard to buildings, we consider that the standard of repairs might be safely relaxed. We recognise, however, that in regard to communications the standard of repairs cannot be lowered to the same extent as in the case of buildings. Having regard also to the fall in prices of materials (and possibly wages) we recommend that the provision for next year for repairs to buildings be reduced by 15 per cent. and to communications by 5 per cent. and the budget for 1932-33 be limited to 71 lakhs, saving Rs. 9 lakhs.

18. The Public Works Department has reported that the following cuts could be made in the provision for this year. We accept the proposal :—

(a) Under the Chief Commissioner, Delhi.—

Minor works	17,400
Repairs	32,100
Grants in aid to Delhi Municipality—Expenditure of Rs. 25,000 can be postponed till next year.	

(b) Under the Chief Engineer, Delhi.—

Major works (postponements)	35,000
Minor works—(the allotment under this head has already been considerably reduced).	
Repairs	1,36,000

19. *Establishments*.—This can be sub-divided as follows :—

(a) *pro-rata* distribution of charges incurred by the Delhi (or Central) Public Works Department,

(b) charges of the Military Engineering Service in the North-West Frontier Province and Baluchistan, and

(c) charges in other areas.

20. The charges falling under the first category will be considered in connection with the outlay on New Delli.

21. As regards the second category, the position appears to be that, both in the North-West Frontier Province and Baluchistan, the construction and repairs of buildings and roads are done by the Military Engineering Service and not by the Civil Public Works Department which attends only to irrigation. We have examined, with particular reference to the North-West Frontier Province, whether the buildings and roads and irrigation branches cannot be amalgamated under the Civil Public Works Department. The point has also been considered by the North-West Frontier Province Subjects Committee, *cf.*, paragraphs 16 to 23 of their report. The amalgamation is expected to result in savings to the extent of about 1½ lakhs to the civil budget ; but unless it is feasible to reduce the Military Engineering establishment correspondingly the arrangement is not likely to be economical to the central revenues as a whole. This aspect of the case would require to be studied further in consultation with the Sub-Committee dealing with retrenchments in the Army Department.

22. In regard to the third category, we have the following observations to make.

23. The following statement shows roughly for the administrations mentioned the cost (less recoveries) of establishment and works outlay :—

	Establishment charges.		Works outlay.	
	Budget, 1930-31.	Budget, 1931-32.	Budget, 1930-31.	Budget, 1931-32.
	Rs.	Rs.	Rs.	Rs.
Rajputana ..	1,48,000	1,56,000	6½ lakhs	4½ lakhs.
Central India	1,48,000	1,52,000	4½ lakhs	4½ lakhs.

The superior staff in Rajputana consists of 1 Superintending Engineer, 1 Executive Engineer and 3 Assistant Engineers, and in Central India of 1 Superintending Engineer and 2 Assistant Engineers. We consider that the volume of work done hardly justifies the heavy establishment charges.

We note that the Inchcape Committee recommended the amalgamation of the Public Works establishments in these areas and the retention of only 1 Superintending Engineer and 2 Executive Engineers which would effect a saving of Rs. 40,000 and that reductions should also be made in the subordinate staff. We agree that substantial reduction should be possible. As, however, the two administrations appear to be practically independent of each other and the principal Public Works Department officer in each area is also understood to be Secretary to the administration concerned in respect of Public Works in that area, our own recommendation would be somewhat different. We

would suggest that the post of Superintending Engineer (with corresponding subordinate staff) may be abolished altogether in both the areas and a post of Executive Engineer sanctioned for Central India in lieu of the post of Superintending Engineer. The savings would roughly amount to Rs. 45,000.

24. *Andaman and Nicobar Islands*.—Similarly, in the Andaman and Nicobar Islands the cost of establishment is about Rs. 64,000, while the provision for works outlay (mostly on repairs) was roughly 2 lakhs in 1930-31 and is 2½ lakhs for 1931-32. We understand that, in addition, a scheme for the reclamation of salt swamps is in progress for which a provision of Rs. 3,23,000 has been made this year. It is, however, expected to be completed this year. The superior staff consists at present of 1 Executive Engineer and 1 Assistant Engineer. The former post was sanctioned in 1929. With the completion of the reclamation work it is doubtful if the retention of 2 officers can be justified. We suggest that one of the posts with corresponding subordinate staff may be abolished. The savings would be roughly Rs. 15,000 or 7,000 according as the post abolished is that of Executive Engineer or Assistant Engineer.

25. We understand that the present cost of Consulting Engineer to the Government of India is more or less a revival of the old post of Inspector General of Irrigation the abolition of which was recommended by the Inchcape Committee on the ground that as, under the Montford Reforms, Local Governments exercised large powers in respect of irrigation a full time officer was hardly required and that, when the Government of India required advice on any important irrigation project, they could either place an officer temporarily on special duty or appoint a committee. The Government of India, however, decided that in view of the importance of irrigation questions (in respect of which they had still some responsibility) it was necessary for them to retain the services of an expert. The officer retained was, however, expected to do not only the duties formerly performed by the Inspector General but also to take over part of the work transacted in the Public Works Department Secretariat. We are, however, informed that the Consulting Engineer is at present simply an adviser in irrigation matters and that all work relating to buildings and roads is now done by the Chief Engineer, Central Public Works Department.

In this connection the following observations of the Royal Commission on Agriculture on the position created by the fact that the Government of India have certain responsibilities in respect of projects exceeding 50 lakhs are interesting :—

“ The position thus created has given rise to difficulties and we were informed that it had been ascertained that whilst provincial governments were agreed that it was very desirable that they should be able to obtain a second opinion on their irrigation projects, they strongly objected to interference once a project had been sanctioned.

The evidence we received in the course of our enquiry convinced us of the urgent need for the creation of an organisation which would not only enable provincial governments to obtain a second opinion in regard to the irrigation projects

but would also be in a position to give the Government of India authoritative advice in regard to the settlement of disputes between provinces arising out of claims to the same source of supply. In these circumstances, we welcome the recent constitution by the Government of India of a Central Irrigation Board, of which the Consulting Engineer to the Government of India and all the Chief Engineers for irrigation in the provinces are members. The Board will work through sub-committees consisting of those engineers with recent experience of works akin to those to be discussed. These sub-committees will be convened by the Government of India at the instance of the Local Government concerned when a new project is about to be sanctioned or when a province finds itself in difficulties in any technical matter. This arrangement has many advantages not the least of which is that, as the Government of India have the right to convene sub-committees for their own purposes, they have now a ready means of obtaining competent advice on such central questions as irrigation schemes affecting two provinces, or a province and an Indian State, and on irrigation schemes which they are required to submit for the sanction of the Secretary of State in Council. The Consulting Engineer to the Government of India is not necessarily a member of all sub-committees."

Having regard to the fact (1) that there is now an organisation of experts whose advice is available to the Government of India in the discharge of their statutory responsibilities, (2) that irrigation in central areas or which the Government of India is directly responsible is comparatively small, (3) that in the principal central area, namely, the North-West Frontier Province, where irrigation works of any magnitude exist, there is an officer of the rank of Chief Engineer who, even now, for all practical purposes is independent of the Consulting Engineer, and (4) the prospect of big irrigation works being undertaken in the near future is small, we consider that the post of Consulting Engineer should be abolished, resulting in an annual saving of about Rs. 67,000. Such work as may require to be done can be entrusted to the Chief Engineer, Central Public Works Department.

26. We understand that the Road Engineer with the Government of India is Secretary to the Road Conference and Standing Committee for roads, and that he also co-ordinates, through the Road Conference, certain technical standards for the whole of India. The appointment was recommended by the Indian Road Development Committee, and the cost together with that of the subordinate staff is met from the Road Development Fund. The Road Conference contains Chief Engineers and other experts from the provinces and meets periodically. Sub-Committees are appointed to examine and advise on questions of a technical character. We doubt whether the services of a full time officer are required for performing the functions required of the Government of India in respect of the co-ordination of road development. As in the case of the Central Bureau of Irrigation we are disposed to think that such work as may require to be done in this connection can appropriately be done by the technical Personal Assistant (already mentioned) to the Chief Engineer under

the latter's general control, a proportionate cost of the Personal Assistant's post and subordinate staff being debited to the Road Development Fund. The gross savings would roughly be Rs. 30,000, which would be mostly for the benefit of provincial governments.

27. Before leaving this part of the subject, we wish to refer to two points which have an important bearing on the cost of establishment. The first is that a more extensive use should be made of the lump sum contract system. The second point relates to utilising the agency of provincial governments for central works wherever possible. We understand that, except in the United Provinces and the Punjab, the agency of provincial governments is already being utilised. We suggest that the question of entrusting the central works in the Punjab and the United Provinces to the provincial governments be reviewed. We are aware that the United Provinces Government formerly did central works, but declined to continue as agents for the Central Government when it made over its local roads to local bodies and transferred provincial minor works and repairs to the departmental authorities. We consider that the practice of entrusting minor works and repairs to departmental authorities instead of the P. W. Department may also be adopted fully by the Central Government. If this is done, it is possible that the United Provinces, P. W. Department, would not object to undertake central major works, if any, and assist in respect of important minor works to the same extent as it does in respect of its own provincial officers.

28. The principal items under the head Grants-in-aid (amounting to 2½ lakhs) relate to Delhi. We were informed that the expenditure could not be postponed. We, however, understood that the grants were not part of a scheme spread over a number of years, and it is presumed that no provision would require to be made on this account next year, and the budget for next year could therefore be reduced by this amount.

29. We observe that the existing basis of assessment of rents of residential quarters results in loss to Government. The cost of site and preparing the ground is generally excluded from the capital cost for purposes of assessment. It is true that their inclusion may sometimes operate unfairly if assessments are made individually. If, however, rents at a particular station are pooled that difficulty could largely be got over. We suggest that the policy in the matter be reviewed so that the economic rent may be recovered from officers occupying Government residences.

Another point we wish to bring to notice is that, under existing rules, it is understood that the standard rent is limited to 6 per cent. of the capital cost. Considering that Government is borrowing money at about that rate, the standard rent barely meets the interest on the capital cost. In order to secure the recovery of the full economic rent (which of course includes charges for maintenance and repairs) we recommend that the limit of 6 per cent. be raised. This should not cause any serious hardship to officers as the rent to be recovered from them would be limited to 10 per cent. of their emoluments.

30. In this connection it is observed that the return on the capital invested in residential accommodation at Delhi is particularly poor even

on the basis of the existing standard rent as the following figures show :—

<i>Capital cost.</i>	<i>Standard rent.</i>	<i>Actual recovery.</i>
190 lakhs.	10.78 lakhs.	4.86 lakhs.

This is of course due to the fact that the bulk of the houses is occupied for only about 5 months in the year. Considering the heavy capital outlay, it seems necessary that all possible avenues should be explored to ensure an adequate return on the expenditure. To our mind it seems that the only satisfactory solution is rigidly to curtail the number of officers moving to Simla. It has been put to us that this might necessitate improvement of water supply and increased provision of fans involving considerable capital outlay. We understand that there is at present much wastage of water. One departmental witness informed us that the average consumption among the clerical staff was 96 gallons per head while in his own house it was something like 12 gallons per head. If the water supply is regulated carefully—restricting the hours of supply, if necessary—as is done in many big cities, it seems to us that it should be possible to meet the increased demand in the hot weather without much additional capital outlay.

We also understood that there was no serious shortage of accommodation and it would not be necessary for Government to build more quarters. More use may be made of the quarters built for members of the Legislature. Further, private enterprise is likely to step in readily once it is known that New Delhi would be occupied throughout the year.

The permanent location of the Government of India offices in Delhi could not only more than double the rent recoveries but also bring additional income by way of increased consumption of electricity.

We have not overlooked the fact that the stoppage of the move might result in some loss of rent in Simla. Having, however, regard to the fact that the outlay on Government residences in Simla is small compared to Delhi, the loss, if any, would be little. Besides, it is quite likely that houses in Simla would be rented by private people. If necessary, some of the offices may be permanently located at Simla.

31. We understand that the wages of malis employed to look after the gardens in the compounds of Government residences in New Delhi are at present borne by Government. It was explained that this was done to ensure that gardens in New Capital were maintained properly. We do not, however, see why they should not be recovered from the tenants. We recommend that this should be done. This would give a saving of about Rs. 13,000 if the residences are occupied for only 5 months in the year and about Rs. 30,000 if they are occupied for the whole year.

32. We now turn to the works expenditure recorded under the special head Frontier Watch and Ward. The expenditure on original works and repairs under this head rose from about 50 lakhs in 1924-25 to 67½ lakhs in 1930-31, and a provision of 47½ lakhs has been made for 1931-32. It has been reported that the department concerned has since effected a cut of nearly 5½ lakhs and that it is proposed to conserve the savings for meeting demands in respect of lapsed grants (for which no reserve has been provided), and that the net savings would be surrendered in due course. We suggest that the extent of lapsed grants be ascertained immediately and the amounts surrendered to Government.

33. We have been informed that the expenditure under this head which is mainly on communications is largely governed by political considerations. We have not been able to examine any representatives from the Foreign and Political and Army Departments on this point, and we cannot at this stage offer any practical suggestions for reducing expenditure. The subject would require to be further examined in consultation with the Army Retrenchment Sub-Committee.

Conclusions.

34. Having reviewed the expenditure under Civil Works (Ordinary) we recommend that—

- (1) the provision for original works for 1932-33 be reduced to about 6 lakhs, a reduction of about 15 lakhs as compared with the provision for 1931-32 ;
- (2) the provision for repairs to buildings and roads for 1932-33 be limited to 37 lakhs and 30 lakhs respectively, a reduction of 9 lakhs ;
- (3) the provision for minor works be limited to works of an emergent nature, saving about Rs. 4 lakhs ;
- (4) the two posts of Superintending Engineers in Rajputana and Central India be abolished with corresponding reduction in subordinate staff resulting in a saving of Rs. 45,000 per annum ;
- (5) either the post of Executive Engineer or Assistant Engineer in the Andamans be abolished with corresponding subordinate staff, saving Rs. 15,000 or Rs. 7,000 per annum ;
- (6) the post of Consulting Engineer with his staff may be abolished, saving Rs. 67,000 per annum ;
- (7) the post of Road Engineer be abolished and that, as in the case of the Central Bureau of Irrigation, other arrangements be made to carry out the functions required of the Government of India in the matter, saving about Rs. 30,000 per annum ;
- (8) the position regarding grants in aid to the Delhi Municipality be reviewed, the provision for next year being reduced by 2½ lakhs which is the contribution proposed to be paid this year ;
- (9) the feasibility of entrusting central works to the Punjab and the United Provinces, P. W. D., be examined ;
- (10) the basis of assessment of rents for residences supplied by Government be reviewed in order that full economic rent may be recovered, that the cost of site and preparing the ground be included in the capital cost of residences and that the limit of 6 per cent. of capital cost be raised ;
- (11) in order to get an adequate return on the large capital outlay on residences in New Delhi, the staff moving to Simla be drastically curtailed ; and
- (12) the wages of malis employed to look after the gardens in the compounds of Government residences be recovered from tenants, a saving of about Rs. 13,000 (or Rs. 30,000).

SECTION III.

Delhi Capital Outlay.

35. The Delhi Project estimate is roughly for 15 crores, and the expenditure up-to-date is roughly 14.7 crores. We are informed that there is very little prospect of new works being undertaken, though there are some works which require completion. We take it that from next year capital outlay on Delhi would be little or nil. The Chief Engineer has proposed to postpone certain works (costing about 3½ lakhs) for which provision has been made in the current year. If these works cannot be postponed indefinitely but *must* be undertaken next year, it might be preferable to finish them this year itself as it would facilitate any reorganisation that may be found necessary with reference to the changed conditions.

36. In this connection we wish to suggest that, considering that the project estimate is practically completed, the feasibility of closing the project estimate altogether from next year be examined. Until the project is closed recoveries made on account of electrical energy, water supply, etc., amounting roughly to 12 lakhs per annum will continue to be credited to Capital account.

37. Excluding the two electrical divisions, the distribution of work among the divisions at present is understood to be as follows :—

1st Circle—

- (1) 1 division in charge of all work in the area administered by the Chief Commissioner and the United Provinces, except Dehra Dun.
- (2) 1 division in charge of all work at Dehra Dun, Lahore and in the Punjab.
- (3) 1 division in charge of "Services" work, that is work done for the New Delhi Municipality, water works, roads, storm water drains, sanitary works, etc.
- (4) 1 sub-division for all horticultural work.

2nd Circle—

- (1) 2 divisions in charge of original and maintenance work in New Delhi (one having work in Old Delhi also).
- (2) 1 division in Simla.

38. We are informed that the separate division which formerly dealt with the construction of the Government House has been abolished from the beginning of this year, saving Rs. 21,800 this year and Rs. 39,600 next year.

39. It will be observed that the existing divisions deal not only with Delhi Capital outlay but also with other central work in Delhi, the United Provinces and the Punjab. The following table exhibits approximately

the grants for 1931-32 for each division separately under Delhi Capital Outlay and other expenditure :—

—	Delhi Capital Outlay.	Other works.	Total.	Remarks.
<i>First Circle.</i>	Rs.	Rs.	Rs.	
1. Provincial Division ..	3,37,000	3,12,000	6,49,000	
2. Dehra Dun Division ..	..	8,49,000*	8,49,000	* Forest Research
3. Services Division ..	6,95,000	7,58,000	14,53,000	Institute project
4. Horticultural Division ..	52,000	4,32,000	4,84,000	1,79,000, Punjab
<i>Second Circle.</i>				State agency
1. New Delhi A Division ..	4,25,000	4,56,000	8,81,000	5,00,000.
2. New Delhi B Division ..	2,21,000	3,73,000	5,94,000	
3. Simla Central Division ..	..	4,17,500	4,17,500	
<i>Electrical Divisions.</i>				
III. Project Division (electrical maintenance, etc.).	6,98,000†	2,04,000	9,02,000	† 5,00,000 adjustment of cost of fans.
VII. Project Division (generation of electricity, etc.).	2,81,000	1,46,000	4,27,000	
Reserve and Miscellaneous ..	6,61,000			

40. Many of the works under 'Capital Outlay' are expected to be finished this year, and if the Project estimate is closed as suggested above or the allotment for capital works (or major works) from next year onwards is going to be strictly limited, as recommended by us, we consider that the number of divisions should be susceptible of reduction. In our opinion, the work of the Dehra Dun Division would be reduced considerably when the major works relating to the Forest Research Institute and the Punjab States agency are completed this year. We suggest that it may be converted into a sub-division from next year. And, if minor works and petty repairs are taken over by the departmental authorities and the United Provinces Government is also prepared to undertake other central works, it would not be necessary to maintain even a sub-division at Dehra Dun. With the completion of the Punjab States agency quarters this year the Lahore sub-division may be abolished altogether, and the miscellaneous central works in the Punjab might either be done by the Dehra Dun sub-division (if it is not abolished) or entrusted to the Punjab Government. We have reason to believe that the Punjab Government would be prepared to act as agents of the Central Government.

The Simla Division appears to be a light charge. There are at present 3 sub-divisions. It would be possible to reduce the number of sub-divisions by one and include the Dehra Dun sub-division (if not abolished) in the Simla Division.

Similarly, we suggest the abolition of the Provincial Division and the retention of one or two sub-divisions instead, the sub-divisions being attached either to the present A or B Division.

41. Our proposals therefore amount to reducing the number of regular divisions in the 1st and 2nd circles from six to four. We are not in a position to state definitely the resultant savings. Roughly, we estimate that the savings under the heads 'Pay of Officers' and 'Subordi-

ate Engineering Establishment' would be in the neighbourhood of Rs. 50,000.

42. With the reduction in capital expenditure and the reduction we propose in the number of divisions we consider that it should be possible to dispense with one post of Superintending Engineer. The savings would be roughly Rs. 27,000.

43. The superior staff includes a number of 'Specialist officers', e.g., Architects and Electrical Engineers. We are informed that the present position regarding the staff of architects in Delhi is that one post of assistant architect and two posts of architectural assistants are being brought under reduction, leaving one architect and one assistant architect. The architect is reported to be primarily required for the buildings at Delhi though he is sometimes called upon to draw designs for central buildings elsewhere also. We are not clear whether there is sufficient work to justify the retention of two officers. The Chief Engineer considers that, for the present at any rate, there is enough work for an architect and an assistant architect, especially as the architect is also required by the Municipality to approve plans of buildings proposed to be constructed by private persons. We would, however, substitute an architectural assistant for an assistant architect.

The special staff employed on the generation and distribution of electrical energy consists of one electrical and mechanical engineer, two electrical engineers, two electrical and mechanical sub-engineers and two electrical and mechanical subordinates. We understand that the post of electrical and mechanical engineer is being brought under reduction. We consider that it should be possible to reduce the electrical staff further, and we suggest that one post of electrical engineer may also be abolished.

It is understood that the post of assistant quantity surveyor has already been abolished.

Now that the work connected with the Capital is practically completed we do not see any necessity for continuing the post of the Sanitary Engineer (which is of the rank of a Superintending Engineer). We have been informed by the departmental authorities that for Government work alone it would not be necessary to retain the post. There, however, appears to be a proposal that the services of the Sanitary Engineer should be shared by the Joint Water Board, the Municipal Committee in Old Delhi, the Cantonment authorities and the Notified Area. So far as Government work is concerned we feel that the post may be abolished altogether. The Executive Engineer in charge of the Services Division, Delhi, would appear to be sufficient for the work required to be done in future.

The recommendations made in this paragraph are expected to result in a saving of Rs. 1,06,000 against Rs. 57,200 proposed by the Chief Engineer.

44. In making the above proposals we have not ignored the fact that there is a proposal to transfer to the New Delhi Municipal Committee all activities connected with the generation and distribution of electrical energy, water supply and drainage, etc. As the Municipal Committee would rely to a large extent on subventions from Government, it seems to us necessary that superfluous establishments, if any, should be carefully pruned before such a transfer takes place.

45. In regard to office establishment, the Chief Engineer estimates savings to the extent of Rs. 43,800. We consider that there is scope for further economy. The number of clerks and draftsmen appears to be large. Having regard to the reduced capital outlay and the decrease in the number of divisions proposed by us, considerable reduction in office establishment should be feasible. We would therefore increase the Chief Engineer's figure to Rs. 80,000.

46. For arboriculture and horticulture work there are two gazetted officers at present, namely a Superintendent on about Rs. 1,000 and an Assistant Superintendent on about Rs. 600. We consider that one gazetted officer should suffice on a pay somewhat less than what is being drawn by the present Superintendent, saving of Rs. 10,000.

47. In respect of miscellaneous appointments controlled by the Chief Engineer, such as works assistants, store-keepers, etc., the Chief Engineer has proposed savings to the extent of Rs. 63,900. We accept his proposal.

A cut of Rs. 32,500 has been proposed in the provision for the Central Accounts Office, Public Works Department. We understand that a re-organisation of the accounts office is contemplated and that it is proposed to decentralise the work. This arrangement is estimated to result in a further saving of about Rs. 40,000.

48. The Chief Engineer estimates a saving of Rs. 17,000 under travelling allowances. In view of the reductions in staff proposed in the foregoing paragraphs, this figure may be increased to Rs. 25,000.

49. We understand that the superior officers of the Central Public Works Department are in receipt of motor car and motor cycle allowances. Now that the construction period is practically over, we do not see any justification for the continuance of these allowances. We recommend that they should be discontinued, saving Rs. 25,000 per annum.

50. In regard to works expenditure, we have been informed that savings to the extent of 3½ lakhs can be effected by postponing certain works. We do not know whether it is proposed to postpone the works in question indefinitely. In this connection we would invite attention to our remarks in paragraph 35 above.

51. If the recommendations made by us in the last two sections are accepted, in place of the Consulting Engineer to the Government of India and the Chief Engineer for Buildings and Roads (whose work would considerably be reduced by the proposals made in the foregoing paragraphs) there will be a Chief Engineer to the Government of India in charge of both Buildings and Roads and Irrigation, and in view of our recommendations to abolish the posts of officer in charge of Central Bureau of Irrigation and Road Engineer, we suggest that the Chief Engineer be given a technical Personal Assistant on the pay of an Executive Engineer without any special pay and that the present non-technical post of Personal Assistant on a pay of Rs. 1,700 per mensem which is on a temporary footing be abolished, and a post of office Superintendent or Manager be created on a pay of about Rs. 500.

Conclusions.

52. Having reviewed the expenditure under the head 'Delhi Capital Outlay' we recommend that—

(1) the project estimate be closed altogether from next year ;

- (2) the number of divisions be reduced by 2 (in addition to the division already abolished this year), saving Rs. 90,000 roughly per annum under 'Pay of Officers', and 'subordinate engineering staff';
- (3) one of the posts of Superintending Engineers be abolished, saving Rs. 27,000 per annum;
- (4) the specialist staff be curtailed, saving Rs. 1,06,000 per annum;
- (5) reductions be made in office staff, saving Rs. 80,000 per annum;
- (6) reduction be made in miscellaneous appointments such as Superintendent and Assistant Superintendent, Horticulture, works assistants, etc., saving Rs. 73,900 per annum;
- (7) the accounts work be decentralised, saving Rs. 72,500 per annum;
- (8) the motor car and motor cycle allowances drawn by the supervising staff be discontinued, saving Rs. 25,000 per annum;
- (9) the grant for travelling allowance be reduced by Rs. 25,000 (excluding the savings mentioned above consequent on the withdrawal of conveyance allowances);
- (10) the post of non-technical Personal Assistant on Rs. 1,700 per mensem be substituted by a technical Personal Assistant on the pay of an Executive Engineer (without any special pay) and an office Manager or Superintendent on a pay of about Rs. 500;
- (11) savings to the extent of 3½ lakhs under works expenditure, be accepted if the works can be postponed indefinitely.

PART II.

Accounts and Audit Department.

53. The following table shows the growth of expenditure on accounts and audit since 1924-25. It includes only expenditure relating to Civil Accounts and Audit and Army Audit. The expenditure relating to Postal Accounts and Audit and Railway Audit is debited to the Departments concerned and will be dealt with separately:—

—	1924-25 Actuals.	1930-31 Budget.	1931-32 Budget.
<i>Expenditure in India.</i>	Rs.	Rs.	Rs.
Pay of Officers	18,62,895	23,91,200	23,66,000
Pay of Establishments	55,13,047	85,90,013	88,82,300
Establishment charges paid to other Governments, etc.	88,985	9,420	13,700
Allowances, honoraria, etc.	6,48,538	9,61,431	8,80,000
Supplies and Services and Contin- gencies.	4,53,347	6,81,700	4,38,900
Works .. ..	..	7,200	7,200
Deduct—Recoveries from other Governments, etc.	—9,03,533	—11,28,464	—9,03,100
Deduct—Probable savings .. ..	..	—28,500	—29,000
Total ..	76,63,279	1,14,84,000	1,16,56,000

54. The increase in expenditure is chiefly attributable to the following causes :—

- (1) Normal expansion of work ;
- (2) Revision of scales of pay and the accrual of increments in time scales of pay ;
- (3) Creation of the Commercial Audit Branch ;
- (4) Separation of accounts from audit in the Civil Departments.

55. We have received a very valuable memorandum from the Auditor General suggesting possible lines of economy and we have also discussed the subject carefully with him. His advice and co-operation has materially lightened our task.

56. The Auditor General is of opinion that while, under a strict interpretation of the statutory position, he alone has authority to determine what expenditure it is necessary to incur on audit in order that audit may be efficient, he is prepared to hold that his responsibility would be sufficiently discharged if he set up a reasonable standard of efficiency with due reference to the circumstances of Government as a whole and their capacity from time to time to finance all the administrative services for which they are responsible. We fully appreciate the Auditor General's attitude in the matter.

57. Our proposals for retrenchment in the Accounts and Audit Department are examined in the following paragraphs. They follow to a certain extent the suggestions made by the Auditor General and also include such points as suggested themselves to us in our examination of the evidence.

58. We have generally examined whether any economy could be effected by simplifying accounting processes and forms and curtailing (or abolishing) audit processes. A definite conclusion on this point can only be reached if the subject is investigated in detail by an expert. From the evidence we have received, it however appears that, although some simplification may be possible, it is not likely to lead to any appreciable savings. Further, the simplification of accounts and audit depends to a large extent on the nature of the transactions to be accounted for which again is largely determined by the policy and practice of the administration. In any case, as the whole accounting system might be affected by the impending constitutional changes, we do not recommend any detailed investigation of this subject at present.

59. As a *temporary* measure, however, the Auditor General proposes to relax audit (both central and local) for about two years and secure economies to the extent of Rs. 4½ lakhs per annum in the civil offices. The proposals, he informs us, involve taking a certain amount of risk, but, in view of the financial stringency, he is prepared to take it and do his utmost to minimise that risk. We accept the Auditor General's recommendation.

60. We have carefully studied the organisation of the Department and the relations between the headquarters office and the subordinate offices. It has been represented to us by practically all the witnesses who appeared before us that there exists a certain amount of unnecessary centralisation and duplication of work at headquarters, and if that were reduced and local Accountants General who are responsible officers were

given a freer hand, the Auditor General ordinarily functioning as the administrative head of the Department and a court of appeal when there is a difference of opinion between a Government and its 'Principal Auditor', the headquarters establishment could be considerably curtailed. We recognise that the Auditor General cannot altogether divest himself of his statutory responsibilities and that a certain degree of centralisation is inevitable under present circumstances. We understand from the witnesses themselves that control from headquarters is now being relaxed. We have discussed this question with the Auditor General who assured us that he was steadily following the policy of decentralisation, and he mentioned to us some instances of the decentralisation that had been effected since he took office. We also understood that when this process of reform was completed, some economies might be expected in his own office and that he had already made a beginning by abolishing (or converting) certain selection grade posts.

61. The gazetted staff of the headquarters office as on 1st April 1925 and 1st April 1931 is given below :—

<i>1st April 1925.</i>	<i>1st April 1931.</i>
1 Auditor General.	1 Auditor General.
1 Deputy Auditor General, Class I.	1 Controller of Civil Accounts.
1 Assistant Auditor General, Class I.	2 Deputy Auditors General, Class I.
2 Assistant Accounts Officers.	1 Assistant Auditor General, Class II.
	3 Assistant Accounts Officers.
—	—
5	8
—	—

For inspection.

2 Deputy Auditors General.	2 Deputy Auditors General.
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62. The Auditor General has suggested that the Deputy Auditor General's inspection of the offices of Accountants General and other subordinate offices of accounts and audit might be dispensed with. In order, however, to mitigate the loss of efficiency, he proposes to retain two or three of the present staff of inspecting accountants and place them in turn at the disposal of Accountants General for such test check of the work of the various branches of their office as may be considered desirable. These accountants would work strictly under the control of the Accountant General and submit their report to him and not to the Auditor General. Under this proposal two superior posts (Class I) in the Indian Audit and Accounts Service can be abolished. In addition, this measure of decentralisation is expected to result in some reduction of work both in the Auditor General's own office and in the offices of Accountants General.

63. We consider that, having regard to the policy of decentralisation followed by the Auditor General, it should be possible to reduce the gazetted staff of his main office to some extent. We suggest that the feasibility of dispensing with the post of Assistant Auditor General or an Assistant Accounts Officer be examined.

64. The Auditor General proposes to replace the two class I posts of Deputy Auditors General in the main office by a class II post and a post of Assistant Accounts Officer, provided the post of Controller of Civil Accounts is not touched. We understand that the conversion of one of the class I posts into class II is to be regarded as experimental only. We accept the proposal regarding the class I posts, but we wish to offer the following remarks regarding the post of Controller of Civil Accounts. We have been informed that the Controller of Civil Accounts was primarily intended to act (under the Auditor General) as the intermediate head of the civil accounts offices and to relieve the Auditor General of some of the weight of the administration of those offices and so leave him free time for other important activities. In practice, however, he is stated to have become the Auditor General's Chief of the Staff or, in other words, a true Deputy Auditor General who, *inter alia*, is available at any time to assume, as proxy, the functions and responsibilities of the Auditor General in relation to all subordinate accounts and audit offices on the one hand and Government on the other. The Auditor General considers that his Deputy Auditors General who are officers of class I and junior to all Accountants General cannot be allowed to deputise for him. We agree that the Auditor General should have as his Deputy an experienced officer, senior in rank to a class I officer, who could be expected to assist him satisfactorily in the work of day-to-day administration, but we do not admit that the Deputy should be of the high status of the Controller of Civil Accounts. We consider that for all practical purposes it should suffice if the officer is of the rank of an Accountant General. We feel that a senior Accountant General (*i.e.*, class I Accountant General) should be able to function as usefully as the Controller of Civil Accounts. We, therefore, recommend that the post of Controller of Civil Accounts be replaced by that of an Accountant General. This means an addition of one post to the last grade of Accountants General, saving about Rs. 12,000 per annum.

65. The Auditor General has stated that it would be feasible to replace two class I posts of Deputy Directors of Army Audit by two class II posts. We accept the suggestion.

We also accept the view that the status of the post of Audit Officer, Lloyd Barrage, which is at present an Accountant Generalship might be reduced to that of class I.

66. In connection with the replacement of a more expensive by a less expensive agency, we have also considered whether a proportion of class II officers cannot be substituted by the cheaper agency of Assistant Accounts Officers. We understand that this question has been carefully examined in the past, that the composition of the cadre has been fixed on a detailed consideration of the conditions of work in each of the

accounts and audit offices, and that the proportion of subordinate charges held by Assistant Accounts Officers is roughly 50 per cent. of the total of such charges. We agree that it would not be possible to convert more than five or six class II posts in this way, giving a saving of about Rs. 12,000.

67. We observe that the cadre of the Indian Audit and Accounts Service contains a leave reserve of 26 officers. From the point of view of economy it would appear to be desirable to curtail the leave reserve—it cannot be done away with altogether—and to fill leave vacancies by temporarily promoting members of the Subordinate Accounts Service as Assistant Accounts Officers. We, however, understand that the total abolition of leave reserve would be administratively inconvenient and that if it is proposed to cut down the leave reserve the reduction should be limited. We suggest that, as a measure of economy, the leave reserve may be cut down by 50 per cent. which means a reduction of 13 posts in the cadre of the Indian Audit and Accounts Service resulting in a net saving of about 1 lakh, after making a corresponding addition to the leave reserve in the clerical grade.

68. Another point connected with the cadre which has been brought to our notice is the employment of I. C. S. officers in the Indian Audit Department. We understand that seven posts in the Indian Audit and Accounts Service are at present reserved for the members of the Indian Civil Service; three of these are posts of Accountants General reserved under the Government of India Act; the remaining four posts are not secured by statutory authority. We are informed that members of the Indian Civil Service admitted to the Indian Audit Department receive slightly higher emoluments than the members of the Indian Audit and Accounts Service (proper), as most of them are entitled to overseas pay and other Lee Concessions and, when employed otherwise than as Accountants General, they receive the time scale of pay for the I. C. S. plus an allowance of Rs. 200 per month. Whatever may have been the reasons for employing members of the Indian Civil Service in the past, we are of opinion that, in the interests of the Department itself, it is no longer necessary to continue their recruitment. We, therefore, suggest that the statutory obligation to employ three Indian Civil Service officers be removed. And if a large measure of economy is to be effected in the near future in the Audit Department, it would be necessary for Government to withdraw some, if not all, of the existing members of the I. C. S. employed in the Audit Department. It would probably be unfair to revert the three officers holding the posts of Accountants General substantively. We suggest that the officers holding the four non-statutory posts may be reverted and those posts replaced by posts in class II of the Indian Audit and Accounts Service. Apart from passage concessions and other pension, the savings would roughly amount to about Rs. 45,000.

69. We recommend that the minimum pay of Rs. 1,000 fixed for certain posts of Deputy Accountants General be abolished and that the special pay of Rs. 100 attached to certain posts of Deputy Accountants General be discontinued. Saving Rs. 12,000.

70. The Auditor General proposes to surrender the recurring allotment of Rs. 30,000 placed at his disposal for the grant of special pay. The surrender should be accepted.

71. There are certain other posts which carry special pay, *e.g.*, Accountant General, Burma, Audit Officer, Stores Department. We suggest that all such cases be carefully reviewed and the special pay abolished or reduced as the case may be. We understand this is already receiving the attention of the Auditor General.

72. A number of posts carry compensatory allowances, *e.g.*, Examiners of Local Fund Accounts, Examiner, Customs Accounts. We feel that the allowances should be reduced and suggest that they may be cut down by 50 per cent.

73. Besides, officers stationed at certain stations, for example, Calcutta, Bombay, Madras, receive compensatory and house rent allowances. These allowances were fixed at a time when prices and house rent were high and in our opinion require to be reviewed.

74. It has been suggested to us that it is unnecessary to retain the Commercial Audit Branch of the Audit Department as a separate entity. The evidence that we have received is practically unanimous that it is no longer necessary to retain a separate Commercial Audit Branch and that it can conveniently be decentralised and its functions transferred to provincial Accountants General. We are informed that the change is likely to result in a considerable reduction in direct expenditure amounting to not less than a lakh of rupees per annum. It has been stated that correct principles of organisation, and other important considerations also, require commercial audit to be decentralised and amalgamated with the provincial accounts and audit organisations dealing with other classes of transactions. We also understand that provincial Accountants General can be trusted to carry on the work that is at present done under the control of the Director of Commercial Audit, and that, as a matter of fact, even at present, the Commercial Branch of the Audit Department has nothing to do with the two big commercial departments of Government, namely, the Railways and the Posts and Telegraphs. We, therefore, recommend that the Commercial Audit Branch be decentralised. With the decentralisation the headquarters organisation of the Commercial Audit Branch would also disappear. It might, however, be necessary to retain the Director of Commercial Audit for some time, that is, till the reorganisation and installation of the new system in the various provincial accounts offices is completed.

75. We now come to the question of the Separation of Accounts from Audit which we believe is responsible for an increase of over 20 lakhs in the expenditure of the Central Government as a whole.

76. So far as the Civil Department is concerned, we understand that it has been practically decided to abandon the scheme and that the decision is expected to result in substantial economy amounting to about 5 lakhs per annum.

77. As regards the Military Department, audit in its present form no doubt appears to be an innovation. We are however informed that the real position regarding the Military Accounts organisation is that for a long time it had been functioning practically as a combined accounts and audit organisation under the control of the Military Financial Adviser, and that its relation to the Auditor General was not clearly defined. When the Auditor General was made statutorily responsible for the audit of all expenditure in India the Military Accounts Department was constituted as a purely accounts organisation and the Auditor General super-imposed a statutory test audit. In the opinion of the present Auditor General who had unique opportunities of studying the arrangement in all its aspects the present arrangement is satisfactory and the transfer of the Military Accounts to him would make his charge unmanageable and also impair financial control.

The present cost of Military audit is about Rs. 4½ lakhs and is about 10 per cent. of the cost of accounts. From the standpoint of economy, the alternatives to be considered are in our opinion : (1) whether the Military Accounts Department cannot be brought under the general control of the Auditor General thus avoiding the necessity for a separate audit on his behalf, (2) whether the Military Accountant General or the Military Financial Adviser cannot be made directly responsible for the efficient check of expenditure in the Army instead of the Auditor General and (3) whether the check by the Auditor General cannot be further reduced. The question is one which requires to be examined in joint consultation with the Army Retrenchment Sub-Committee, and pending such consultation we are unable to express an opinion.

78. As regards Railway accounts and audit, we understand that till a few years ago the whole Railway accounts organisation was under the full control of the Auditor General and the separation of accounts from audit in that department is of recent origin. We understand that the separation has resulted in considerable extra cost. The evidence that we have received from officers and associations is practically unanimous that it is more economical and advantageous to revert to the combined accounts and audit system. Some of the witnesses urged that audit divorced from accounts was less advantageously placed than a combined accounts and audit office in the matter of higher audit.

In our opinion, the points to be threshed out are : (1) whether the special advantages claimed for separation have been achieved, (2) whether the expectations regarding cost and savings have been realised, (3) whether the same advantages cannot be achieved at less cost under the combined accounts and audit system, and (4) if they cannot, whether the advantages, if any, are commensurate with the extra cost involved. We have not had the opportunity of hearing the point of view of the Railway Administration in the matter, and as this is a question which requires to be examined in consultation with the Railway Retrenchment Sub-Committee we are unable to express an opinion at this stage.

If separation were to be abandoned, large direct savings could be effected. If, on the other hand, separation is to continue, then the

question of the feasibility of reducing the cost of audit requires examination. The cost of the separated audit is about Rs. 15 lakhs a year or over 16 per cent. of the cost of accounts. In our opinion, this high percentage requires close examination, as we doubt whether it would be regarded as correct according to generally accepted standards. We understand that the Auditor General is fully conscious of this and is awaiting further study and examination before deciding as to the scope for reduction. This, however, is likely to take some time. We recognise that any change in the scope and method of audit, depending as they do largely upon the efficiency of the accounts organisation, would have to be made gradually. Meanwhile, we think some economy could be effected in the audit organisation. The present organisation consisting of a Director of Railway Audit (of the status of a senior Accountant General) at headquarters and Chief Auditors (again of the rank of Accountant General) for the various State Railways appears to be an expensive arrangement. We consider that there should be Chief Auditors (of the rank of Accountant General) at each of the principal centres, namely, Calcutta, Bombay and Lahore, who should be directly subordinate to the Auditor General and that the intervention of the Director of Railway Audit is unnecessary. In this view, the office of the Director of Railway Audit may be abolished and the present class I post of Deputy Director, Railway Audit, with the necessary subordinate staff transferred to the office of the Auditor General, saving about Rs. 40,000. If this recommendation is given effect to we are prepared to recommend a special allowance of, say Rs. 250 per mensem to the Deputy Auditor General in view of his increased responsibilities.

We suggest that one of the posts of Chief Auditor at Calcutta,—there are two at present,—may be replaced by a class I post, saving Rs. 10,000.

79. We now turn to postal accounts and audit. The cost of this branch is borne by the Posts and Telegraphs Department and a detailed examination can only be made in consultation with the Retrenchment Sub-Committee dealing with the expenditure of that Department. We have however discussed the subject generally with the Auditor General, and, so far as we are concerned, we accept his recommendations which are reproduced below. They are :—

- (1) (a) Abolition of inspection of post offices.
- (b) Improvement in the programme for the inspection of Engineering Divisions.
- (2) Conversion of certain upper division posts in the Money Order Department into lower division posts of the clerical grade.
- (3) Surrender of the annual allotment of special pay to the staff.
- (4) An improved system of work in the Government Securities Section.
- (5) Improved arrangements for review work in the Telegraph Check Office.

These proposals involve the ultimate retrenchment of the following posts :—

Assistant Accountants General (class II of the Indian Audit and Accounts Service) ..	2	
Assistant Accounts Officers ..	2	
Subordinate Accounts Service	4	
Upper division clerks ..	85	(45 of these posts will be converted into posts of lower division clerks.)
Lower division clerks <i>minus</i> ..	45	(This addition is due to the conversion of 45 posts of upper division clerks referred to above.)
Inferior servants ..	3	

The above recommendations are expected to result, when in full operation, in a permanent recurring saving of $2\frac{1}{2}$ lakhs a year. A temporary saving for 2 years of Rs. 30,000 a year is also expected from relaxation of lit.

Conclusions.

80. Having reviewed the expenditure of the Accounts and Audit department, we recommend that—

- (1) the temporary economies in civil accounts offices amounting to $4\frac{1}{2}$ lakhs per annum suggested by the Auditor General be accepted,
- (2) the two posts of Deputy Auditor General, Inspection, be abolished, saving about Rs. 55,600, per annum.
- (3) a post of Assistant Auditor General or Assistant Accounts Officer be abolished in the Auditor General's office, saving about Rs. 11,000 or Rs. 8,000 per annum,
- (4) the two permanent posts of Deputy Auditor General in the Auditor General's office be converted into a class II post (experimentally) and a post of Assistant Accounts Officer, saving Rs. 20,900, per annum,
- (5) the post of Controller of Civil Accounts be replaced by a post of Accountant General, saving about Rs. 12,000 per annum,
- (6) the two posts of Deputy Director, Army Audit, be replaced by Assistant Directors, saving Rs. 20,736 per annum,
- (7) the post of Audit Officer, Lloyd Barrage, which is at present an Accountant Generalship be replaced by a class I post, saving about Rs. 10,000 per annum,
- (8) 5 posts in class II of the General List be replaced by Assistant Accounts Officers, saving about Rs. 12,000 per annum.

- (9) the leave reserve be cut down by 50 per cent, giving a *net* saving of Rs. 1 lakh per annum,
- (10) the statutory obligation to employ I. C. S. officers in the Indian Audit Department be removed and that the officers holding the 4 non-statutory posts be reverted, saving about Rs. 45,000 per annum,
- (11) the minimum pay fixed for Deputy Accountants General and the special pay given to certain Deputy Accountants General be abolished, saving about Rs. 12,000,
- (12) the recurring allotment of Rs. 30,000 for special pay be withdrawn,
- (13) the special pay and compensatory allowance attached to certain posts be reviewed and curtailed,
- (14) the rate of compensatory and house allowances admissible to officers stationed at certain localities be reviewed,
- (15) the Commercial Audit Branch be decentralised, saving not less than Rs. 1 lakh per annum,
- (16) the separation of accounts from audit be abandoned in the civil department, saving Rs. 5 lakhs per annum,
- (17) the question of transferring the Military and Railway Accounts Departments to the Auditor General's control be considered,
- (18) the post of Director of Railway Audit be abolished, saving about Rs. 40,000 per annum,
- (19) one of the posts of Chief Auditors at Calcutta be replaced, by a post in class I, saving Rs. 10,000 per annum,
- (20) the recommendations of the Auditor General regarding economies in the Posts and Telegraph Accounts and Audit amounting to Rs. 2½ lakhs permanent and Rs. 30,000 temporary be accepted.

PART III.

81. The financial effect of the recommendations made by us is summarised below :—

				<i>Annual recurring savings.</i>
				Rs.
1. Irrigation	..	..	..	3,42,000
2. Civil Works	..	..	..	14,71,000
3. Delhi Capital Outlay	..	..	..	4,99,000 (excluding the postponement of works).
4. Accounts and Audit Departments				16,84,000
				<hr/> 39,96,000 <hr/>

We have besides recommended that the grant for major works and works relating to Delhi Capital Outlay be strictly limited and this would probably mean a reduction of at least another 30 lakhs in the provision required to be made under the Public Works Department.

82. We are submitting separately our proposals regarding the pay and allowances of existing incumbents and future recruits.

83. We desire to express our thanks to the several Departments of the Government of India for the assistance we have generally received from them and for their prompt response to our requests for information without which we would not have been able to complete the work in the limited time at our disposal. Our thanks are also due to the various agencies (official and non-official) who helped us in our deliberations.

84. In concluding our report we desire to place on record our warm appreciation of the valuable assistance which we have received from the Secretary of our Sub-Committee, who had to do this work in addition to his normal official duties. His wide knowledge and experience have been of special benefit to the Sub-Committee, and indeed but for his ungrudging labours it would not have been possible for us to complete our work in such a short space of time.

K. C. NEOGY (*Chairman*).

R. N. AROGIASWAMY MUDALIAR.

BISHEN SWARUP.

M. K. MITRA.

S. H. IMAM.

G. MORGAN.

V. S. RAO,

Secretary.

14th August 1931.

APPENDIX I.

List of witnesses.

1. D. G. Harris, Esq., C.I.E.—Consulting Engineer to the Government of India.
2. A. Brabner, Esq., C.I.E.—Chief Engineer, Central Public Works Department.
3. J. L. Sale, Esq., C.I.E.—Superintending Engineer, Delhi.
4. F. T. Jones, Esq., M.V.O.—Superintending Engineer, Delhi.
5. F. H. Burkitt, Esq., O.B.E.—Chief Engineer and Secretary for Irrigation, North West Frontier Province.
6. Sir E. Burdon, Kt., C.S.I., C.I.E., I.C.S.—Auditor General in India.
7. Col. H. S. Gaskell, D.S.O., R.E.—Secretary, Public Works Department, North West Frontier Province.
8. D. C. Campbell, Esq., C.A.—Director of Commercial Audit.
9. P. A. L. Cantin, Esq.—Chief Engineer, Public Works Department, U. P.
10. A. C. Mukerji, Esq.—Engineer and Architect, Calcutta.
11. A. C. Gupta, Esq., O.B.E.—Director of Army Audit.
12. T. Ryan, Esq., C.I.E.—Joint Secretary, Industries and Labour Department.
13. G. Kaula, Esq., C.I.E.—Controller of Civil Accounts.
14. M. Ghatak, Esq.—Retired Accountant General.
15. Jagat Prasad, Esq.—Accountant General, Posts and Telegraphs.
16. N. V. Raghavan, Esq.—Accountant General.
17. B. N. Mitra, Esq. }
18. K. R. S. Rao, Esq. } Representatives of the Indian Audit and Accounts Service Association.
19. U. N. Sen, Esq. }
20. N. K. Khanna, Esq. } Representatives of the All-India Accounts and Audit Offices Conference.
21. J. C. Nixon, Esq., I.C.S., Joint Secretary, Finance Department.

REPORT
(FINAL)
of the
Army Sub-Committee
of the
**Central Retrenchment
Advisory Committee**
1932



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CHAPTER I.—INTRODUCTORY.

Our interim report was issued in September last and in it we stated that we proposed to resume our enquiry towards the end of December and to examine certain subjects with which we had up till then not been able to deal. Various circumstances have combined to hamper the resumption of our activities and to render extremely difficult the production of our final report. We have through unavoidable causes been deprived of the co-operation of our Chairman Diwan Bahadur T. Rangachariar, C.I.E., M.L.A. After meeting the Committee at Bombay on December 15th and beginning work there, he was forced, owing to ill-health, to resign the chairmanship and his membership of the committee. The loss has been irreparable. We have missed in our deliberations that immediate grasp of principle and that mastery of detail which enabled him to give us such firm and clear-sighted guidance through the complexities of the subject. We would take this opportunity of expressing our sense of obligation for his leadership and our earnest hope that he may have a complete and speedy recovery of health. In addition, our Secretary, Mr. A. F. L. Brayne, C.I.E., I.C.S., was withdrawn by the Government of India, to act as officiating Secretary in the Finance Department. Throughout the work connected with the interim report he laboured untiringly on our behalf and we are deeply sensible how much we owe to his ripe and wide experience of Indian and Army administration.

Further, many of the remaining members of the Committee have been prevented, by other calls on their time (membership of Round Table Conference Committees, duties in the Legislative Assembly and the like), from devoting that undivided attention to the work of the Committee that they could have wished. We have, therefore, found it impossible to deal as thoroughly and exhaustively with the outstanding questions as we had intended, and in several instances we have been obliged to indicate the lines on which a subject might perhaps be further pursued by the military or other authorities concerned, instead of reaching final and definite conclusions. This method is, however, in fact appropriate to some of the questions left over by our interim report. That report covered most of the ground in which it was possible to reap immediate savings and this report is only supplementary to it. Many of the outstanding subjects with which our present report deals are such that possible economies can only be achieved after lengthy and detailed investigations by experts, or involve constitutional questions in which the decision, though it may have definite financial bearings, cannot be governed solely by financial considerations.

To assist in the consideration of the subjects covered by this report visits were paid by various of our members to Bombay, Poona, Lahore, Rawalpindi and New Cantonments Delhi, where the local authorities gave us much information and assistance. We have also had the opportunity of discussing many of the subjects with the military authorities at Army Headquarters. As in our interim report, we have to acknowledge the consistent help which we have received from all the officers with whom we have come into contact. We are not aware to what extent the recommendations in our interim report have been accepted in detail, but, as will be seen from the present report, on many of the outstanding questions the military authorities have pursued lines of enquiry opened in our preliminary discussions and have anticipated our recommendations for economy.

We desire to record our appreciation of the services of Mr. A. Slater of the Military Accounts Department, who has been the Secretary of our Committee since Mr. Brayne was appointed to act as Financial Secretary to the Government of India. For his intimate knowledge of the Army and especially of military accounts, and for his readiness to furnish us promptly and efficiently with all the assistance we required, we are under a real obligation to him. We would also express our thanks to the staff who on the occasions both of the interim report and of this report have given us ungrudging aid.

CHAPTER II—FINANCIAL CONTROL.

1. The third item of our terms of reference reads as follows :—

“ They shall further examine the arrangements in force for financial control of military expenditure through the Military Finance Branch and the Military Accounts Department, and report in particular on the following points :—

- (a) the efficiency of the control by the Finance Department under the present system ;
- (b) the working of the system of a stabilised military budget ;
- (c) the extent, if any, to which the institution of the stabilised budget has impaired the control of the Finance Department ; and
- (d) the efficiency of the methods employed in bringing military expenditure to account.”

2. As in other branches of the administration, the control of military expenditure is exercised jointly by the administrative and financial authorities. The control on the administrative side is exercised by the Army Member on the advice of his Principal Staff Officers and on the financial side through three agencies, the Military Finance Branch, the Military Accounts Department and the Director of Army Audit.

3. The Military Accounts Department is an organisation established by the Finance Department for bringing military expenditure to account and auditing it. Its functions and constitution have been dealt with in Chapter X of our interim report.

4. The Director of Army Audit is an officer of the Auditor General. His main function is to conduct a test audit of military expenditure (the primary audit being conducted by the Military Accounts Department) to enable the Auditor General to assure himself that the audit of military expenditure is being carried out in accordance with the principles for the application of which to all expenditure of the Government of India he is statutorily responsible.

5. The Military Finance Branch is a part of the Finance Department of the Government of India. The head of the Branch is the Financial Adviser, Military Finance, who is a Joint Secretary to the Government of India in the Finance Department and as such directly responsible to the Financial Secretary and the Finance Member. A description of the organisation and duties of the Military Finance Branch is given below, for the details of which we are indebted to the Financial Adviser.

The establishment of the branch as it stood in 1931-32 Estimates and as it will stand under proposals for retrenchment made by the Financial Adviser is as follows :—

Designation.	1931-32.		Proposed.	
	Numbers.	Cost.	Numbers.	Cost.
		Rs.		Rs.
Financial Adviser	1	39,000	1	39,000
Deputy Financial Advisers (excluding D. F. A., R. A. F.)	4	1,03,100	4*	1,05,700
Assistant Financial Advisers	6	81,100	5	66,600
Superintendents	6	52,100	5	40,700
Assistants	39	1,70,230	34	1,52,800
Stenographers	2	9,720	2	10,400
Clerks, 2nd Division	39	95,090	37	91,000
Clerks, 3rd Division	22	27,460	20	26,800
Menials	50	11,000	42	9,200
Miscellaneous . . . . .	..	1,07,200	..	96,700
Total		6,96,000		6,38,900†

NOTES.—*As an experiment the Financial Adviser proposes to hold one of these appointments in abeyance, substituting for it the appointment of an officer of the status of Under Secretary.

†Reduced to Rs. 5,83,200 by the cut in pay.

The Branch is divided into a central section and four outlying sections corresponding to the main spending branches of the military administration. Each of the outlying sections is in charge of a Deputy Financial Adviser and is located in the same part of the Army Headquarters buildings as the administrative branch to which it is attached. This sub-division is made on the principle that financial advice and criticism should be as close as possible to the administration. Of the four outlying sections three are attached to the Branches of the Adjutant General, the Quartermaster General and the Master General of Ordnance at Army Headquarters and the fourth to Royal Air Force Headquarters. The central portion of the Military Finance Branch consists of two parts. The "main office" in charge of an Assistant Financial Adviser, directly under the Financial Adviser, deals with work from the General Staff Branch and the Military Secretary and also with all questions regarding the administration of the Military Finance Branch itself. The budget section under a Deputy Financial Adviser has as its main function the direction, co-ordination and consolidation of budget and other estimates. In the discharge of this function it works in close co-operation with the Staff Duties Directorate of the General Staff Branch.

6. Financial authority in the military administration is very much centralised at Army Headquarters. The bulk of the work of financial advice and criticism therefore falls to be done by the Military Finance Branch. We were informed however that in so far as money allotments are made and financial authority delegated to lower formations the functions of financial advice

and criticism are discharged by the sub-divisions of the Military Accounts Department attached to those formations. For example a Command Controller of Military Accounts is mainly concerned with the accounts and audit of the accounts of the area in his charge, but he is also the Financial Adviser of the General Officer Commanding the area and in that capacity has authority to accord the financial concurrence required by the rules before expenditure can be incurred.

7. As regards the general principles governing the financial administration of the military services the Government of India each year places at the disposal of H. E. the Army Member an allotment within which he has to arrange for the financing of the services for which he is responsible. This allotment is based on an estimate of requirements but is limited by the total resources at the disposal of Government and the other demands made on those resources. When the total allotment has been fixed by Government it is divided into sub-allotments placed at the disposal of various authorities such as the Adjutant General, the Quartermaster General and the Master General of Ordnance. These are the authorities whom the Government of India holds directly and primarily responsible for the correct and economical expenditure of the grants. In respect of these allotments the duty of the Military Finance Branch has two aspects :—

- (a) on behalf of the military administration, to assist the spending authorities in the discharge of their primary responsibility ; and
- (b) on behalf of the Finance Department, to maintain a watch on the activities of the spending authorities and to take such measures as may be necessary to ensure that they discharge their financial responsibilities correctly.

As stated above, the financial control is thus a joint responsibility of the administrative and financial authorities : their functions are complementary and in fact inseparable.

8. The main processes through which this joint control of expenditure is effected are :—

- (a) the preparation of the Budget estimates ;
- (b) the watch over expenditure against Budget grants ;
- (c) the re-appropriation of savings ;
- (d) the disposal of the day-to-day business of administration.

The Budget estimates consist of two parts, the estimate of " Standing Charges " and the estimate for " New Demands ". The standing charges represent the amounts required to meet the ordinary maintenance charges of the forces, e.g., pay of personnel, purchase of supplies and equipment, cost of movement of personnel and stores, pension charges, etc. The new demands represent the sums required to remedy defects which have come to light and to carry out those improvements in organisation, equipment and training which are necessary if the forces in India are not to fall below modern standards. The standing charges are, of course, the first charge on the allotment for the year. The amount available for new demands is the balance left out of the year's allotment after full provision has been made for the standing charges. The Budget allotment for the military services is fixed by the Government of India and the Financial Secretary and the Finance Member

have an effective voice in determining the allotment. The allotment, once determined, limits to that figure the expenditure which may be incurred during the ensuing year.

The amount required for the standing charges is built up from a mass of detailed estimates under different heads which are compiled by the Branches of Army Headquarters in co-operation with their Deputy Financial Advisers and consolidated and revised by the Financial Adviser in consultation with the Principal Staff Officers. Similarly the items of new demands are submitted by Branches to the Army Member, who on the advice of his Principal Staff Officers and his Financial Adviser gives them order of priority and accepts so many of them as can be financed from the funds available.

9. The main material for watching expenditure against the Budget grants is provided by the Military Accounts Department. The actual expenditure is recorded by the Controllers all over India and as each month's accounts are completed the figures are reported to the Military Accountant General at Army Headquarters in whose office they are consolidated. These figures are reported both to the administrative Branches to enable them to watch the progress of expenditure against the grants and to the Budget section of the Military Finance Branch where a complete record is maintained of the expenditure under each head month by month. At intervals throughout the year stock is taken of the general progress of expenditure and reviews of expenditure are placed before the Principal Staff Officers.

10. Even before the introduction of the system of a stabilised budget for the military services a freer hand in the matter of re-appropriations had for some years been allowed to those responsible for the administration of military finance than is permissible under the ordinary financial rules and this latitude has been formally recognised in the system of the stabilized budget. If it appears that there is likely to be a saving at the end of the year on the estimates as a whole, the position is considered and proposals are put forward to Government for utilising the estimated balance in making good specific deficiencies. When sanction is obtained to apply savings to measures not included in the original estimates, formal re-appropriations are carried out immediately. Formal re-appropriations are not made at this stage to regularise variations in expenditure on the standing charges. Towards the end of the year, a formal statement, known as the "Modified Appropriation," is prepared. This contains the latest estimates of the amounts which will be expended under each sub-head and it is in this form that the variations from the original appropriation are formally sanctioned by Government.

We have been informed that the relaxation of the ordinary rules regarding re-appropriation of savings, while it gives greater elasticity to the military administration, imposes additional responsibilities on the controlling authorities, both administrative and financial. We have had no evidence to show that the latitude in the matter of re-appropriation has led to any relaxation of control.

11. In the disposal of the day-to-day business of administration the functions of the Military Finance Branch are those of the Finance Department in general. All proposals involving expenditure from the military estimates have to be referred to the Military Finance Branch before orders are issued and in the case of "New" expenditure the Finance Branch is required to estimate the cost of the new service or to check any estimate that may already have been made by the administrative Branch. We made enquiries regarding the status of the officers dealing with the various types of cases.

and are satisfied that no questions of major importance are sanctioned without the approval of the Financial Adviser or in special cases the Finance Member and that the system of review of sanctions is sufficient.

12. A certain portion of the funds at the disposal of the army is budgetted for expenditure in the United Kingdom. We understand that this expenditure is controlled in detail partly by the High Commissioner for India, who is an agent of the Government of India, and partly by the India Office. These departments furnish at stated intervals returns of actual and anticipated expenditure and these are taken into account in the periodical reviews of the general financial position to which reference has already been made. We are not in a position to comment on the manner in which this control is exercised in the United Kingdom, but we have been informed that the Army Member is given regular and adequate information in order to enable him to review the position from time to time and make such adjustments in his commitments as are necessary.

13. After the close of the year the Financial Adviser prepares a document, known as the Appropriation Account, in which he reviews the salient features of the financial administration and sets out under each sub-head or minor head the original Budget appropriation, the modified appropriation and the actual compiled expenditure as shown in the accounts, with explanations of variations between the actual and the estimated expenditure. On this the Director of Army Audit prepares his Audit Report, in which he criticises variations between appropriation and expenditure and draws attention to other features of importance including any instances of laxity in financial administration which may have come to notice in the course of his test audit or in the primary audit conducted by the Military Accounts Department. On the basis of the Appropriation Account and the report of the Director of Army Audit the Auditor General writes a formal letter to the Government of India in the Finance Department in which he draws attention to what are, in his opinion, the most important features brought to light and to points which require consideration or investigation. These three documents—the Appropriation Account, the Army Audit Report and the Auditor General's letter—are then placed before the Military Accounts Committee, a body presided over by the Finance Member (or by the Finance Secretary on his behalf) and including the Finance Secretary and a senior officer on the staff of the Auditor General. This committee, whose meetings are attended by the Auditor General himself and the Director of Army Audit, goes through the documents and subjects the Financial Adviser and the Military Accountant General to a critical examination on any defects which have been brought to notice. The Secretary, Army Department, is also present to answer on any points in which the administrative aspect is more important than the financial. Finally, the report of this committee with the documents which it has considered is placed before, and considered by, the Public Accounts Committee of the Legislative Assembly.

14. At this point we may perhaps conveniently deal with the question left over in our interim report whether the Military Accounts Department should be placed under the Auditor General and thus enable the staff, which is employed under the Auditor General, to be dispensed with. As shown in the preceding paragraphs the Financial Adviser is responsible for the accounting services of the Army, for satisfying himself by audit check that the expenditure has been properly incurred, for giving financial advice to the military authorities and for financial control. These functions to some extent are complementary to each other. The fact that his officers maintain the accounts and

are responsible to him, should in theory enable him to satisfy himself as to their correctness with a less complete audit than would otherwise be necessary; and the knowledge which he obtains through his Military Accounts Department, both from the record of the course of expenditure and from audit check of it, are very valuable aids to him in his duties of financial advice and control. To divorce financial advice and control from audit and accounts and to place the latter under the Auditor General would in our view seriously weaken the position of the Financial Adviser. On the other hand, we were informed that it would be constitutionally impossible to make the Auditor General responsible for financial advice given to the army: even were this not so, to add this to his other duties would lay on him an impossible task and in our view would be in principle wrong: that the same officer should share the responsibility with the military authorities for army expenditure and for bringing it to account and should be the final statutory authority as to the propriety of the expenditure is open to constitutional objection. The present arrangements are, we understand, regarded by the Auditor General as satisfactory.

We have suggested later in this section that possibly the amount of audit check carried out by the Military Accounts Department might in certain types of cases be reduced, having regard to the fact that the primary accounts are prepared by staff belonging to the department directly responsible to the Military Accountant General and through him to the Financial Adviser.

15. The system of financial control, as outlined above, seems to us generally satisfactory. It depends on the close co-operation between the military authorities and the Financial Adviser and we have been assured that that co-operation is real. In one respect we consider that the system requires strengthening. The normal period of the tenure of office of the Financial Adviser and of his deputies is three years. But Army Finance is a complex subject; the Financial Adviser may, and generally is, appointed without experience of the Army or its finance and it must take considerable time before he is in a position to exercise his functions effectively. It is therefore unfortunate that his tenure of office should normally close at a time when his services are most effective. The present holder, whose consistent and valuable help throughout our enquiry we gratefully acknowledge, had the advantage of officiating in his post before he was appointed to it, and during a period of special duty before appointment was able to make a close study of the army organization and visit many of its establishments. But this we believe was exceptional. We accordingly recommend that the normal tenure of the Financial Adviser's appointment should be extended from 3 to 5 years. Under present arrangements the Deputy Financial Advisers are appointed from the Military Accounts Department and we make no recommendation in regard to them.

16. We were informed that the system of a stabilised military budget was devised by the Government of India in 1927-28 as a means of escape from a dilemma in which they found themselves. On the one hand, the forces in India were falling progressively behind in the matter of equipment and it was at that time estimated that an expenditure of about 10 crores would be required in the next few years if the forces were to be equipped up to modern standards. On the other hand, the finances of India were such that Government could not contemplate any increase in the level of military expenditure, which then stood round about 55 crores. The decision reached was, roughly, to stabilise the military budget at 55 crores for 4 years beginning from the financial year 1928-29 and to permit savings in any year to be carried to a suspense account which could be drawn upon in the later years of the period.

A programme of re-organization and re-equipment was drawn up and received the general approval of the Government of India and the Secretary of State for India, and it was hoped that this programme would be completed within the 4 years of the period of stabilisation. At the same time the Commander-in-Chief initiated a campaign of economy within the Army with the object of securing savings which could be applied towards the carrying out of the programme.

The arrangement lasted in the original form for two years only. Then a deterioration in the general finances of India led to the reduction of the annual figures from 55 to 54½ crores. This was accompanied by an extension of the period of stabilisation by another year, the object being to provide the same resources towards completing the programme but spread over this longer period.

In the following year (1930-31) a further deterioration in the general financial position led to a further reduction in the Budget figures. In the first place, following the arrangements made in the previous year, the period of stabilization was extended by yet another year. The budget allotments under the previous year's arrangement would have been 54·20, 54·20 and 52·50 crores, totalling 160·90 crores. This was again spread equally so as to give 53·63 crores in each of the years 1931-32, 1932-33 and 1933-34. Further, in view of the abnormal financial situation, H. E. the Army Member agreed to give up outright, for 1931-32 only, a sum of 113 lakhs, representing mainly savings due both to the fall in prices and to economies effected by the Army. The budget figure was accordingly fixed for 1931-32 at 52·50 crores. Finally, in view of the paramount necessity of balancing the Government of India budget for that year, this figure was towards the end of March further reduced by a sum of 60 lakhs. Thus the final figure for 1931-32 stands at 51·90 crores in place of the original 55 crores. In spite of these departures from the original arrangement it was found possible to provide up to the 31st March 1931 an amount of about 6 crores towards the 10 crores programme. It is also worthy of note that the normal cost of maintaining the Forces (without any allowance for New Demands) was estimated, before retrenchment proposals were put into effect, at between 51 and 51½ crores a year as compared with a corresponding figure in 1928-29 of 54 crores. We were assured that a considerable measure of success has followed from the arrangement of the stabilised budget in the two important directions of providing funds for re-equipment without increasing the military budget and of securing an ultimate reduction in standing charges by giving the military authorities a direct interest in the promotion of economies.

When the arrangement was made it was expressly stipulated that there should be no alteration in principle in the methods of financial control. This stipulation was set out in the following words :—

“ It follows that there can be no alteration in the existing financial regulations or the machinery for enforcing them ; and nothing in the terms of the scheme affects, or can affect, the powers and responsibilities vested in the Secretary, Army Department, under the Rules of Business of the Governor General in Council. Financial control should not be of a character to obstruct the carrying out of the programme, but the functions and powers of the Finance Department, exercised through the Financial Adviser and his assistants, must remain unimpaired. All recurring expenditure in particular will be subject to scrutiny

with special regard to the necessity for avoiding future commitments which would involve an increase in standing charges except so far as any such increase is inherent in the proposals carried out in pursuance of the accepted programme. The Financial Adviser will, in the exercise of his discretion, bring to the notice of the Finance Member all measures which require his orders either on a question of principle or in view of the magnitude of the expenditure involved. He will in particular submit matters which involve a breach of the conditions and stipulations attached to the scheme or which appear to involve a material departure from the accepted programme."

We were also informed that special stress was laid on the necessity for guarding against the acceptance of new commitments and the Financial Adviser was required to bring particularly to notice the initiation of any new policy which would mean increasing charges after the period of stabilisation.

It was stipulated in addition that the arrangement should be liable to modification if the Government of India had, during the course of the period, to confront any extraordinary contingency affecting Indian revenues.

We were assured that the introduction of the stabilisation arrangement has made no alteration in regard to the procedure for watching expenditure against the budget grants or in regard to the periodical returns furnished to the Finance Member and the Finance Secretary to keep them in touch with the progress of expenditure during the course of the year. The same applies to the procedure for reviewing the financial administration after the accounts of the year are closed.

The stabilised budget system involved no alteration in the existing financial regulations or in the machinery for enforcing them. All proposals involving expenditure are subjected to precisely the same financial tests as before. The new system has resulted in a decrease of work in the Military Finance Branch and has thus facilitated reductions in establishment, but it is claimed that there has not been a relaxation of control.

We have no reason to believe that the system described above has involved any relaxation of financial control.

17. Regarding the efficiency of the methods employed in bringing army expenditure to account we have assumed this term of reference to cover the machinery both of recording expenditure and of ensuring that the expenditure is properly incurred, i. e., both the accounting and the audit machinery. We have no reason to criticise the system in principle. The following detailed points have suggested themselves to us. On the accounting side we are disposed to consider that the results would be equally useful if they were presented in less detail; e.g., Head I of the budget shows the 16 items on which money is spent for the fighting services and also shows in the same detail how this money is distributed between the various arms of the services. Again under the transportation head there are 20 items under the sub-heading "rail charges" and in addition we understand that figures are completed for the Quartermaster General's information showing expenditure on transportation under another set of heads. If these full details are required either for financial control or for information of the Legislative Assembly, we would not recommend any curtailment of them. But we are not clear that they are, and, as simplification and unification should lead to economy of labour and staff, we recommend that the heads of account be reviewed with a

view to the elimination of anything not essential. In this connection (though it is a question of the estimates rather than the accounts) we think that so far as general information is concerned it might be considered whether the Legislative Assembly and general public might not welcome, in place of some of the details to which we refer, general information on the lines given in some of the appendices and tables of the British Army Estimates. We suggest an examination of the question from this point of view. We have referred elsewhere to the desirability of including the estimate for Military Engineer Services in Head 48—Army. An index to the Army Budget would also add to its value.

On the accounting side it has also been represented that the whole of the work in obtaining the final figures is done with little or no resort to the use of accounting or adding machines and that, were such machines used, the labour in the compilation sections of the Military Accounts Department, in which some 90 clerks are employed might be substantially lightened. We recommend that experiments be carried out with a view to introducing such machines where their employment would lead to economy.

On the audit side it has been suggested to us that the audit of army expenditure is frequently too rigid and severe, and some of us in the course of our enquiry have been shown cases where objections have been made against overpayments so petty in themselves that the ensuing correspondence must have entailed a greater cost to government than the original errors. We would do nothing to impair the efficacy of audit, to which we attach the highest importance. But we suggest that two questions might be examined by the Military Accountant General, in the possibility that work may be saved and economy secured without impairing that efficacy. In the first place, we understand that all audit officers have powers to waive objection in cases of minor mistakes and it is for consideration whether those officers do in fact use their powers to the full in cases where no principles are involved and there is no risk of recurring loss. In the second place, as much of the original preparation of accounts in the army is done by the staff of the Military Accounts Department who are responsible to the Military Accountant General it is for consideration whether there is necessity for a full audit on all accounts so prepared. We had already made recommendations for experiments on these lines in our interim report and the subsequent experience of some of us confirms that there is scope for reduction.

CHAPTER III.—ORDNANCE SERVICES.

1. The provision, supply, storage, manufacture and inspection of all ordnance stores and clothing used by the Army in peace and war are the responsibility of the Master General of Ordnance. Under him the duties of provision, supply and storage are carried out by the Director of Ordnance Services, those of manufacture by the Director of Ordnance Factories and Manufacture and those of inspection by the Director of Artillery. Purchases made in India are arranged by the Director of Contracts.

2. The stocks of ordnance stores and clothing are stored in six arsenals, six ordnance depots and two clothing depots situated at the following places:—

Arsenals.	Depots.	Clothing Depots.
Rawalpindi.	Lahore.	Quetta.
Ferozepore.	Drigh Road.	Shahjahanpur.
Quetta.	Agra.	
Kirkee.	Fort William.	
Allahabad.	Bombay.	
Rangoon.	Cawnpore.	

The location of the arsenals and depots is not in all cases ideal but we can make no recommendations regarding any changes in situation as, although savings might be effected by having arsenals differently situated, the cost of building would be prohibitive. We have discussed with the Master General of Ordnance the possibility of closing down any of these establishments and we understand that he is considering closing Agra depot. We recommend that this should be done. The saving may be approximately Rs. 1 lakh.

3. *Officers and Establishment.*—Each arsenal and depot is administered by a Chief Ordnance Officer who works directly under the Director of Ordnance Services at Army Headquarters.

In order to maintain liaison with the troops ordnance officers are attached to Command and District Headquarters. The establishment provides for a Deputy Director of Ordnance Services in the Southern Command who also acts as adviser on ordnance matters to the General Officer Commanding-in-Chief, Eastern Command, and one in the Northern Command and an Assistant Director of Ordnance Services in the Western Command. There are also Deputy Assistant Directors of Ordnance Services at most District Headquarters.

Regarding these officers at Command and District Headquarters we have made certain recommendations in another part of our report.

The establishment engaged in the arsenals and depots is approximately 40 officers, 8 Ordnance Mechanical Engineers, 34 departmental officers, 450 British other ranks, 470 clerks, 1,200 Indian military establishment, 21 assistant civilian storekeepers, 186 storemen, 7,240 artificers and labourers

The actual storekeeping duties are performed by departmental officers warrant officers and non-commissioned officers belonging to the India Unattached List and also by Indian assistant storekeepers. We are informed that a policy of Indianization has been accepted whereby 25 per cent. of the India Unattached List ranks will be replaced ultimately by Indian storekeepers. So far this has led to the employment of 21 Indians out of a total of some 400 men

employed on these duties, one Indian being recruited for every three Europeans. We understand that the average number of fresh appointments of this character is approximately 20 a year. On this basis it would be twenty years before 100 Indians had been appointed out of the 400 referred to above. We deal elsewhere with the question of substituting suitably qualified Indians for British other ranks of the India Unattached List at considerably less cost. We have recommended that in the interests of economy at least 50 per cent. of the store-keeping establishment should be Indians. In view of these considerations we think that the introduction of Indians to reach the proportion laid down should be very materially accelerated.

4. *Stocks*.—We understand that the total value of ordnance stores, including clothing, held in arsenals and depots is approximately Rs. 12 crores of which possibly half represents reserves. It is not possible to obtain accurate figures on this point. At the time of the Inchcape Report the value of the stocks of clothing was given as Rs. 1,73,17,000 and that of ordnance stores as Rs. 14 crores. In the 14 crores were included surplus stores to the value of Rs. 4 crores, so that, excluding such surpluses, the total stocks were Rs. 11.73 crores, which the Inchcape Report recommended should be reduced to 9.43 crores. If the figures now given to us and those used in the Inchcape Report be comparable, it would appear that, so far from reductions having been made in stocks, there actually is an increase, and if the fall in prices since 1922 is taken into account the increase in quantity would be very great. But we are informed that the figures are not in fact comparable: that at the time of the Inchcape Report the arsenals were still somewhat disorganized; and that therefore the stocks held were not accurately known and that all categories of stores were not fully priced. Moreover, as we have indicated elsewhere, the Priced Vocabulary of Stores prices (on which the value of stocks would be based) do not appear to us to be in harmony with current market rates. Nor are values necessarily a fair criterion of what stocks should be held for military purposes. For example, a comparatively small number of particularly expensive guns or tanks might throw a figure of the total value of stocks out of its true perspective. But it is necessary to point out how large a sum is in fact locked up in stocks of stores; interest on the capital involved is lost to the state, and there is a danger, when the stocks have been acquired at high prices, of serious loss in capital value. For these reasons it is desirable to reduce the value of stocks held as far as possible.

As regards the quantities of stores held which these values represent, we understand that they fall into two main headings, peace working stocks, and stocks required for war. As regards peace, the depot hold, in addition to the amounts actually required for maintenance of stores with troops, a minimum stock or safety margin to cover unforeseen delay in supply or unforeseen demands from the troops. In the case of clothing this store margin is 3 months' estimated average peace consumption and in the case of ordnance stores it is 6 months' for all stores purchased outside India and all lethal stores of Indian supply; for all other stores of Indian supply it is 3 months'. Recognizing the difficulties of geography and transport, we hesitate to recommend reductions of stores required for the troops, but we feel that, as we have recommended in the case of other stores, some reduction of stocks is necessary. We recommend that the more important items on which expenditure is heavy should be scrutinized and, in the case of Indian supplies where there is reason to believe that supply could be obtained in less than 3 months or where failure

of stock would mean no more than inconvenience, the working margin should be reduced to 2 months' ; in the case of imported supplies, where the articles are of such a kind that they, or adequate substitutes, could be purchased from the trade abroad without special manufacture we recommend a reduction from 6 to 4 months'.

In the course of our inspection of some of the arsenals we noticed that in the case of some items of stock no issues had been made for considerable periods. We realise that it would not be fair to generalize from individual items casually noticed and we have been informed that in fact each item of stock is being surveyed to see if it is still "live". We think that the survey should be pressed forward with a view to the reduction and elimination of stocks where the quantity held on charge exceeds current demands.

It also appeared to us that frequently there is considerable delay in disposing of scrap and surplus stores. The reason given in many cases was that good prices could not be obtained immediately. We doubt, however, whether, in the long run, it is an economy to retain useless stores on charge, particularly when they are liable to deterioration or in cases where the space they occupy can be put to better use. In this connection we might add that in one depot (not an ordnance depot) we noticed some unserviceable motor lorries which had been standing in the open a year awaiting a purchaser.

As regards stocks required for war, these fall into three main categories,

- (a) the mobilization equipment of units which are raised on the outbreak of war.
- (b) maintenance reserves 'A' required to be taken into the field by ordnance field depots.
- (c) maintenance reserves 'B' required to make good the difference between the war requirements of troops other than those in the field during the first months of war and the supplies likely to be available in time from ordinary sources.

We understand that the stocks at present held fall short of what is considered ultimately necessary under these headings, but we were not able to obtain an accurate figure of the amount of this shortage which, we are informed, is in process of investigation.

We understand that up to 1927 the method of calculating the maintenance reserves to be taken into the field by ordnance field depots was to base it on so many months' peace consumption. In 1927 this method was changed, the calculation being based on a lesser number of months' estimated war consumption by the probable number of troops. We have been assured that, in calculating the war consumption, only the probable conditions which the Indian army will have to meet in the defence of India have been taken into account and that, while figures based on the experience of the Great War in eastern theatres have been taken as the starting point in the calculations, those figures have been radically adjusted to meet Indian circumstances. Moreover provision is not at present made for certain formations of the field army not expected to be utilized immediately on the outbreak of war. We appreciate the logic of calculating the reserves with regard to probable war requirements. That calculation is necessarily a technical matter and it would be outside our province to attempt to enter into it. But it is the essential basis on which reserve stocks are held and over-calculation might seriously affect the whole stock position and have considerable financial consequence. We would therefore record

that by taking as the basis the great war experience, even in the eastern theatres with modifications to suit Indian conditions, the requirements may be seen in a somewhat false perspective. We have been informed that there are no other original data more akin to probable Indian conditions on which the requirements could be reviewed, but, that being so, it seems to us most important that the allowance made for those conditions should be full. As regards the formations for which the maintenance reserves 'A' are not at present held, we do not think that they should be provided. We understand that for those for which they are held, the flat rate of 3 months' supply is reduced proportionately in the case of those units not expected to take the field in the first months; this should in our view be the case. As regards maintenance reserves 'B' we understand that it has recently been decided to take into account peace working stocks in calculating what will be available or readily obtainable on mobilization for use of troops not in the field. We agree that this should be done.

As regards mobilization equipment, we understand that this is held separately for all units to be raised on mobilization, however late they mobilize. We recommend that for units mobilizing, say, after one month such equipment should be merged in general stocks which should not, save in the case of technical stores, be increased in peace for the purpose.

It is impossible to give the financial effect of continuing to review stocks on the principles outlined above. We understand from the Master General of Ordnance that, broadly, he is working on those principles, and we think their uniform application should result in substantial stocks being available for peace requirements with a resultant cash saving in the annual provision until they have been consumed.

CHAPTER IV.—ARMY ORDNANCE FACTORIES.

1. In our interim report we stated that we had paid visits to certain of the factories : that we had prepared a note recording general impressions, and that as an immediate measure we recommended that a 25 per cent. cut should be made in the numbers of superior and supervising staff. Some of us have since visited the Ammunition Factory at Kirkee, and we have had an opportunity of discussing the general position with the Master General of Ordnance. The Master General of Ordnance had been furnished last September with a copy of the note and had studied it in considering the reductions which have in fact been made since our interim report. In the light of those discussions we submit in the following paragraphs a fuller report.

2. In considering the question of economy in the Ordnance Factories the first question to be decided is the most economical basis upon which to operate them in peace time while providing for rapid expansion in time of war.

There appear to be two logical policies :—

A. To maintain practically a war establishment and to hope to cover as much of the cost of this establishment as possible by competing strongly for both Government and public work.

or

B. To reduce the establishment to the minimum necessary for the production of lethal weapons and stores not manufactured at all by the trade, relying for other articles upon the trade and upon improvisation for rapid expansion in war.

It must be remembered, whichever policy is followed, that the existence of the Ordnance Factories provides a manufacturing reserve but for which it would be necessary to carry a much greater volume of stocks of various descriptions.

3. The present policy appears to be a compromise between the two.

The personnel employed in the Ordnance Factories during peace time and the estimated war establishment were given to us at the time of our interim report as follows :—

—	Gazetted Officers other than Superintendents.	Permanent Non-Gazetted Staff.	Permanent Clerical Establishment.	Temporary Staff.	Labour Force.
Peace . .	42	393	361	1,760	18,000
War . .	48	712	361	2,500	40,000

The figures are we understand being reduced, and by the end of 1933 will have reached approximately the following :—

Gazetted officers.	Permanent Non-Gazetted staff.	Permanent clerical staff.	Temporary staff.	Labour force.
33	368	361	1,410	15,000

As the factories are only working from 15 to 40 per cent. of full capacity, it is evident that practically a full nucleus staff for war requirements is maintained, the main increases for war output being limited to the lower supervisory class, additional clerical assistance and the doubling of the labour force.

On the other hand the work undertaken is limited to the requirements of the army in so far as those requirements can be met in the Ordnance Factories and to such work as other departments of Government are willing to place with them. In addition the factories do petty work for individuals and in some cases do a small volume of work for the trade in products which cannot otherwise be manufactured in India. In this respect they fulfil a valuable pioneering function.

4. To illustrate the present uneconomic basis on which the factories are working, we would mention that the Rifle Factory at Ishapore is capable of turning out over 50,000 new Mark III' rifles per annum, apart from other products, e.g., repair of machine guns, whereas present outturn based on requirements is only 20,000.

Similarly at the Cossipore Factory we were given an estimate that the Factory was operating at 40 per cent. of capacity on an 8-hour shift, whereas in war time it could work 100 per cent. of capacity on three 8-hour shifts.

5. To work economically therefore on the present establishment it would be necessary not only to place all army work with the Factories but also to go out into the market and obtain bulk orders to help reduce the overhead costs.

But in fact all army work that could be undertaken at the factories is not at present being placed with the factories. At Cawnpore, we are informed that a volume of 25 per cent. of the requirements of the army in leather goods is at present placed with the trade in order to ensure that in war time the trade as well as the Factories is capable of expansion. Obviously from a purely factory point of view this is uneconomical and if the first policy referred to were to be adopted and worked to its logical conclusion, this 25 per cent. of requirements must be placed with the Harness and Saddlery Factory at Cawnpore.

6. But the problem now facing the army is how best in the long run to provide for a rapid expansion of requirements in war time in the cheapest possible manner in peace time. If in peace time all requirements are withheld from the trade, obviously the trade will be of no assistance in war time. The strongest reserve for war which the army could possess is a developed trade capable of rapid expansion to fulfil army requirements. Such a policy is in line with India's national desire to develop her industries and to make the country self-supporting as far as possible in peace and in war.

The Government of India have repeatedly declared their policy in this respect and it may be mentioned that one of the principal functions of the Indian Stores Department has been laid down to be the fostering of Indian industries.

The policy of Government concerning the Ordnance Factories is clearly defined in the following extract from a letter from the Secretary to the Government of India, Department of Industries and Labour, to the Secretary, The

Associated Chambers of Commerce of India and Ceylon, dated the 12th Ju 1923 :—

“These factories have been instituted and maintained with the sole object of enabling munitions of war to be produced in India and in order to make them fully effective it is necessary that their output should be capable, not only of supplying the peacetime requirements of the Army in India, but also of rapid expansion to meet an emergency consequent upon the occurrence of a state of war. The plant installed in these factories and the strength of the staff employed in them are regulated solely on this criterion. Starting from this basis it is incumbent upon the Government in the interests of economy to ensure, as far as possible, that the plant and the nucleus staff are kept fully employed. It follows as a corollary that in time of peace, if the requirements of the Army do not suffice to keep the plant and staff fully employed, the Ordnance Factories should be allowed to execute orders for other consumers.

The policy of the Government of India has, therefore, mainly been determined by the proposition explained in the preceding paragraph. At the same time they have always recognised the principle that the transactions of Government factories and workshops must be conducted in such a way as to interfere as little as possible with private enterprise. With this object in view the orders governing the transactions of the Ordnance Factories prescribe that the surplus output of the factories must be utilized as far as possible in supplying other Departments of Government and that supply to private consumers should be a last resort. Further the production by Ordnance Factories of articles required either by Government Departments or by private consumers is confined so far as possible to articles which are not manufactured by private enterprise in India. Finally, in order to guard against unfair competition, the maintenance of proper cost accounts and the fixation of fair prices for stores produced are also prescribed.”

7. An examination of the output of the factories shows :—

- (a) That a very large number of articles required by numerous Government Departments, which cannot be manufactured by the trade in India, are at present being ordered from abroad when it is probable they could be manufactured in the Ordnance Factories economically.
- (b) That a large number of articles required by the army are being manufactured in the Ordnance Factories when they might be placed with the trade in accordance with the policy of Government. The officers of the factories not unnaturally endeavor to secure all possible orders for the factories in order to assist their economic working.

We consider that the present affords a good time for reviewing the whole policy in this respect.

8. As regards the manufacture in the factories of articles for which orders might be placed with the trade, we were assured more than once that the trade were not capable of turning out such and such an article to the standard required by the army. The army requires “nothing but the best”.

We are not sure that in many cases of articles other than those of a lethal or precision nature, the standard of equipment is not unnecessarily high, and the adoption of trade specification in certain cases would, in our opinion, save money: for example we believe all Army buckles are specially drop-stamped at Cawnpore. But even accepting the standard, and while acknowledging the excellent pioneering work which the factories have done in training Indian labour to produce articles of a high standard of quality, it is quite clear to us that what the Ordnance Factories can achieve can in most cases be done equally well by the trade even if the standard of quality is insisted upon. The trained labour exists and we have been informed that firms anxious to take over Government work would be only too pleased to take over the trained labour.

9. As regards orders from other Government departments for articles which cannot be manufactured by the trade in India, the factories are at present in a very difficult position in competing for this work. Their capital value is approximately 3½ crores, but, as we mentioned above, they are not working in any case at anything approaching their full capacity, nor can they ever hope to do so in peace time. The effect of not working to full capacity combined with the recent fall in prices is that the factories cannot hope to cover the cost of overhead charges in peace conditions. As regards unused plant it should be possible to distinguish between that which is necessary for peace time production and that which is in effect a reserve for expansion and to bring in to the calculation of the cost of manufactured articles only the former. As regards fall in prices, firms in the trade dealing in armament have in fact been compelled to write down their capital in almost every case in order to bring their fixed assets into line with their production value. By estimating in each factory the value of plant which is capable of economical peace time production and by taking only this for purposes of calculating the overhead charges to be charged for outside orders from other Government Departments, etc., each factory would be able to work on a strictly commercial basis, i.e., in estimating the cost of an article it would be possible to assure conditions approximately equal to that of the trade. We understand that the difficulty of the factories quoting reasonable prices for work undertaken for other Government departments, etc., has in fact been recognised and that an endeavour has been made to meet it by a formula which regulates such prices and assesses overhead charges specially for the purpose. But it has been represented to us that the formula is too rigid and that even under it the factories are unduly handicapped.

10. While we have indicated above that in our opinion the factories are in many cases manufacturing a number of articles which might be made by the trade, we feel equally that there is a large number of articles in use by other departments of the Government, which cannot be made by the trade in India and in consequence have to be imported, e.g., axles and wheels for rolling stock. If the factories were placed upon an economical basis and they were enabled to reduce the cost of overhead charges on the lines indicated above, they should be able to compete on level terms with the trade overseas.

11. We therefore venture to suggest that a Government inquiry be undertaken to ascertain whether it is not possible to adopt a policy whereby

- (a) factories hand over for manufacture by the trade all articles which can now be manufactured by the trade or which can be manufactured by the trade with proper encouragement on the technical side,

- (b) all departments of Government are instructed to place as much work as possible with the Ordnance Factories provided the work cannot be done by the trade in India,
- (c) the factories are put upon an accountancy basis, which will enable them to compete on terms of equality,
- (d) no staff reserve for war is maintained.

We anticipate that such a policy would probably result in two economies—

- (1) it should be possible greatly to reduce the overhead charges for supervision,
- (2) it should be possible to increase the volume of work in those departments, which are retained, by increasing the outturn of work for Government departments other than the army. It may even be possible that some of the staff reduced by the first process may find economical employment under the second. It has been suggested that other Government departments would hesitate to entrust more work to the factories in lieu of obtaining imports from abroad for fear that on mobilization they might be immediately deprived of their sources of supply. But we understand that in fact there would be little likelihood that the factories would be unable to continue to supply until other satisfactory arrangements could be made.

12. In making a proposal for reduction in staff we are aware that we shall be met by the objection that to reduce staff in peace will mean inability to expand the production of important articles rapidly in war. But we think that the schedule of staff given in paragraph 3 above indicates that the war insurance has in reality been high and we think that expansion should be possible from a considerably smaller nucleus. In the present financial conditions some risks must be run and we think it preferable to rely, as formerly, upon improvisation and upon the power to import in the earlier stages of war rather than to continue to pay such a heavy insurance at all times. Moreover the insurance sacrificed will be counterbalanced by the insurance obtained by a developing trade, which in more advanced countries is the greatest insurance for the rapid increase of supplies in war times.

13. The above policy should be applied to all factories other than those dealing with purely army requirements, such as the Rifle Factory at Ishapore, the Cordite Factory at Aruvankadu and the Ammunition Factory at Kirkee.

14. We would here like to record that the Rifle Factory which was working to greater capacity than the other shops gave us on the whole a most satisfactory impression of efficiency. We were also favourably impressed with the high degree of precision and finish with which many operations were carried out in the Rifle Factory, the Gun and Shell Factory, the Harness and Saddlery Factory, the Ammunition Factory and elsewhere. The standard of work is creditable both to the supervising staff and to the labour concerned, and we consider that apart altogether from their value as Ordnance Factories in peace and in war, these factories are performing a definite service to the country in proving the capacity of Indian workmen to handle work of this description.

15. Apart, however from the above general recommendation we offer the following observations on various points connected with the factories, as they operate under the present policy.

16. *Administration and Management of Factories.*—So far as we could ascertain the Superintendents are not necessarily specialists in the work of the factories which they superintend, but are moved from one factory to another without a prolonged period in charge of any factory. It is open to question whether this system is as satisfactory as that which we understand is usual in commercial life where the superintendence of factories of this kind would remain for longer periods in the hands of officers with specialized knowledge. In making this observation we would make it clear that it is not intended in any way to reflect on the officers at present holding the appointments, but is rather a suggestion that in principle it may be desirable in future to follow commercial practice in this respect.

We suggest also that one Superintendent should superintend both the Ishapore Factories as was done formerly. It is a question whether one Superintendent might possibly superintend the Cossipore Factory as well, leaving the works administration to works managers, but on the whole we do not recommend this.

We are assured that all factory officers are imbued with a high sense of the necessity for economy and we have no reason to question this statement. But in our opinion they are handicapped in comparison with managers of commercial works by not having the same competition or the criticism of true profits to test the results of their working.

At present the Priced Vocabulary of Stores (P. V. S.), on which prices of all issues to the army are based, forms the standard by which the commercial working of the factories is regulated. We are informed that in arriving at the fixed prices or P. V. S. rates of Ordnance Factory products the ideal aimed at is to fix the price or rate at whichever of the following rates is the lowest :—

- (a) The English P. V. S. rate *plus* freight and customs *plus* 10 per cent.
- (b) The English rate from private firms *plus* freight and customs.
- (c) The average of the manufacturing cost in India (normally the Indian Ordnance Factories) during the past 3 years.

For all issues to the army credit is given to the Factories at P. V. S. rates, and if the factory costs are less than the credits so arrived at a "profit" is shown. But the P. V. S. rates are not only apt to be out of date but are largely based upon the costs of the factories themselves when working upon an uneconomic basis. In a period of falling prices when factories can make their purchases at constantly falling prices and are credited for their products at P. V. S. rates based upon higher levels, they ought to show very substantial profits. But the fact that profits are shown in the annual accounts does not mean that the factory is operating economically; on the contrary it may merely indicate that the P. V. S. rates are too high.

Nor, to judge from such evidence as we had, can the superintendents find the cost statements in general of great value in determining whether articles are being economically produced. The outturn in any given year of any given article may vary so greatly and the cost may in consequence be so affected that a general comparison is of little value. An analysis of material costs, labour costs and non-productive and power and machinery costs may be of value but even here a detailed knowledge of the conditions in the works is necessary before a true comparison can be made. In times of falling prices and falling labour rates something would be very wrong if costs did not fall steadily upon a given production.

If the factory officers can be supplied with cost figures which are of immediate value to them, if they have a chance of competing by open tender for all Government work which is at present imported and if a method can be devised of informing the management of the prices at which the trade can produce and sell the various articles manufactured in the factory, that element of competition would be introduced which in commercial life is the greatest help to economy and reduction of costs.

17. Factory Supervision and Miscellaneous Employees.—In general we found that the supervisory staff had not decreased in proportion to the decrease in the volume or value of orders.

Since our interim report the Master General of Ordnance has reviewed all the factory establishments and has decided on reductions which will result in the figures shown in paragraph 3. These reductions have been, so far as officers are concerned, in what is known as the Works Inspection Branch. We feel that further reduction may be possible in other departments, and that a review should be carried out periodically at all the factories to ensure that—

- (a) in the superior supervisory grades one man could not be used more often to supervise two jobs ;
- (b) the supervisory staff is not in any case excessive for the work now going through or likely to go through in the future (apart from war expansion).

We understand that annually a certain number of officers is sent on deputation to England. We recommend that this practice should be suspended.

We also recommend as a measure of economy that trained Indians should be substituted, on a definite programme, for supervisory staff obtained from abroad. We have been informed that an apprentice training scheme has been in force in the factories for a long time and that as a result trained Indians are employed in the junior supervisory grades. But we gathered from the Master General of Ordnance that more rapid progress was hindered by the lack of comparatively small funds to enlarge and extend the facilities for training. As an economy committee we necessarily are somewhat slow to accept claims that immediate expenditure should be undertaken in the hope of future economies : but in the present case we attach such importance on economic grounds to the training of Indians to a standard that will enable them to undertake supervision at these factories that we consider that any suggestion which will enable this to be done more rapidly should be sympathetically, if critically, examined.

18. Principles of fixing pay.—We were informed at one factory that the policy in view was to pay Indians selected for supervisory work the same rates as Europeans, without overseas allowances. This raises a general question of policy of wider application than to the factories only, and possibly of considerable ultimate financial importance. While the rates of pay should be adequate to attract really good men, we think they should be fixed on their merits, having regard to what is paid to Indians with similar qualifications in outside employ, and that the question should be carefully examined before the principle of payment on any other basis is finally accepted either in the Ordnance Factories or in other departments.

19. *Pay*.—We understand that the 10 per cent. cut has been applied to all the staff at the factories except daily paid labour, in whose case a 5 per cent. cut has been applied. We therefore make no recommendation on this point.

20. *Concessions*.—Recently leave with pay up to a maximum of 20 days per annum, varying with the years of service, was sanctioned by Government for workmen. We understand that workmen in civil employment do not usually receive this concession: there are already over 90 non-working days in the factory: and the working hours are reasonable. We should therefore have been disposed to recommend the withdrawal of this concession had it not been represented strongly that its effect on efficiency and contentment at the factories was expected to be considerable, and had the workmen not had a reduction in pay. We therefore recommend that a report be called for each factory at the end of two years showing the cost of the concession and the advantages gained in efficiency and contentment, in order that if the cost of the concession is excessive or disproportionate to results it may be withdrawn.

21. *Factory Stocks and Stores*.—A very large amount of money amounting on the 1st April last to Rs. 321 lakhs is locked up in factory stores. We suspect that owing to the fall in world prices these figures must show a substantial but now unavoidable loss. In many cases the figures given to us show that the authorised quantities are very much exceeded, while in others there is a deficiency. Unless there is greater uniformity there must be considerable confusion in war time and we recommend that the manufacture of articles, semi-manufactures or components, of which there is an excess, be stopped. To counterbalance this an increase of other articles may be desirable and we cannot say whether a saving, or only increased efficiency, will be possible.

It is admitted that factories must be ready for prompt expansion in war time or their *raison d'être* vanishes. But we think that it is desirable to consider whether in many cases the command of the sea (which we must assume) would not allow early replenishment of many readily purchasable supplies.

We notice for instance that on May 1st, 1931, the Metal and Steel Factory was carrying Rs. 8½ lakhs worth of copper ingots, and Rs. 3 lakhs of zinc. Possibly this was due to a cheap purchase by the Director of Contracts. If, however, it is normal for large quantities to be purchased and delivered in one consignment, we think that economy through the saving of interest could be effected by spreading deliveries more widely over the year. In many articles a saving by avoiding deterioration would also be effected by carrying lower stocks.

In the particular case of copper, we trust that the experiment of using Indian produced copper will be proceeded with, as not only will it encourage indigenous industry but it will also save the holding of such large stocks.

In general we understand that civil factories usually manage to operate on a considerably lower basis of stocks and we suggest that the question should be considered of lowering the basis of easily purchasable articles. In this matter as in all others under our enquiry the financial risk has to be weighed against the war risk.

We have heard of occasions when even in peace time manufacture has had to cease owing to shortage of a particular material. We consider that with the very heavy staff now working at reduced pressure this should never occur, if the system of watching stock lists and consumption rates was operating really efficiently. So far as Army Headquarters are concerned, we appreciate

that the 28,000 articles dealt in make supervision difficult. This is one of the disadvantages of centralisation and we recommend that a further enquiry be held to ascertain if the placing of greater responsibility upon the factory management would not lead to greater economy and efficiency in the use and stocking of stores.

The following figures in lakhs of rupees show the total value of stocks on hand for the last four years *plus* the value of unfinished and semi-finished, but unused, products :—

	Value of Stocks.	Preceding year's purchases.	Stores received from other Depts.	Value of Semi's.
1st April 1928	283·65	165·96	34·48	95·48
1st April 1929	281·07	128·54	27·04	80·11
1st April 1930	306·52	124·30	42·14	75·61
1st April 1931	320·81	96·31	24·64	..

We understand that included in the 320·81 lakhs are components to the value of 36·83 lakhs transferred to the factories from the arsenals, and not covered by the figure of 283·65 lakhs for 1st April 1928. Even allowing for this, there is an increase of stocks shown, and in all probability the increase is greater than the figures suggest because the fall in prices during the period would mean that the same value of stores would represent a larger quantity in 1931 than in 1928. The fall in the index prices of wholesale commodities in the period in question was from 141 to 100, and this would mean that 283·65 lakhs in value in April 1928 would be represented by some 200 lakhs in April 1931. But this ratio is probably not applicable to the factory figures because they are built up from P. V. S. rates, which would not correspond to current outside market prices. The position however as revealed by the figures is not satisfactory ; not only is there a loss of capital and interest involved in the holding of heavy stocks during a period of falling prices but there are charges for storage and handling and depreciation. We understand that included in the figure for April 1931 are excess factory stocks to the value of Rs. 24·06 lakhs and surplus stock to the value of 2·37 lakhs. The former will be absorbed as soon as possible and the latter will be disposed of.

We strongly recommend that drastic and continuous efforts be made to reduce stocks to more economic dimensions.

22. *Coal Stocks.*—We note that at the Metal and Steel Factory the stocks of coal on the 1st June 1931 were 13,000 tons, having been reduced considerably last year. This represents 6 months' working and is based upon having enough coal in stock *plus* orders for further supplies for all work in sight and a surplus of 6,000 tons.

As we are informed that the usual practice in civil factories is to carry about one month's supplies, and that the railways normally do not carry anything approaching 6 months' supplies even when far removed from sources

of supply, and in view of the comparative proximity of the works to the coal-fields and the liability of coal to deteriorate under storage, we strongly recommend a reduction of stocks carried to, say, 2 months' supply. A saving of both interest and wastage will accrue and we do not think we are recommending any undue risk.

We recommend that similar principles be applied to other factories, allowing for the factor of distance and after consideration of the policy followed by the railways who equally are dependent on coal.

23. *Power Costs.*—Coal is at present purchased through the Director of Contracts who in turn passes the order to the Chief Mining Engineer to the Railway Board—a round about procedure but the purchasing is done by an expert. Coal is however under this system treated more or less as an "issue": the superintendents and engineers have no encouragement to experiment with various qualities and conditions of fuel with a view to economy. We have no expert on the Committee but from figures supplied to us it would appear that greater evaporative efficiency might be obtained by a close study of the problem. It is possible too that a re-arrangement of the boilers to burn slack coal, which commands a low market price, in place of steam coal or rubble might result in savings: expert advice followed by close supervision in this matter would be necessary, but we think there is scope for at any rate some economy.

The evaporative efficiency of one set of boilers compared with specimen figures taken from civil factories was as follows:—

Lbs. of Steam evaporated per lb. of Coal.

	Water Tube Boilers.	Lucas hire Boilers.	Coal Used.
Ordnance Factory . . .	6.5	..	? Selected Rubble.
Ordnance Factory . . .	..	4.32	? Selected Steam Coal.
Civil Factory	7.0	..	Mixed Jherria.
Civil Factory	7.0	..	Raniganj Slack, Grade I.
Civil Factory . . . .	..	6.34	Disherghar Slack Coal.
Civil Factory . . . .	..	6.00	Mixed Disherghar and Raniganj.

While not able to comment technically on these figures, we feel on the evidence tendered that a substantial saving may be possible.

The steam consumption due to the use of old high speed engines at more than one factory appears to be excessive. At the Metal and Steel Factory a modern turbine now under order should effect economy, the consumption of steam on the existing new set being 14 lbs. of steam per unit against 38 lbs. on the old sets. The new set under order should show even greater efficiency under the same conditions.

We recommend that a report on the power costs at the Calcutta factories should be called for from an expert, who should have extensive special knowledge of power installations: such a man should be readily available in Calcutta.

If savings seem possible there, the enquiry might be extended to the other factories.

At Shahjahanpur we understand that electric power can be had cheaper from the public supply than by generation in the factory.

24. *Costing System*.—We have already recommended in the portion of our interim report that dealt with the Military Accounts Department that the possibility of economy by some simplification of factory accounts should be examined by some expert with practical experience of factory accounts and management. We repeat that recommendation here, viewing the matter rather from the point of view of enhancing the value of the cost accounts than of the possibility of economy in the accounting machine.

The costing of each item manufactured in the factories would appear to be done for three reasons :—

- (i) To enable Army Headquarters to re-price the P. V. S.
- (ii) To enable Army Headquarters to see that manufacture is proceeding economically.
- (iii) To enable the Works Management to check their costs at all stages so that they can instantly check any extravagance.

A brief examination of some of the costs given us leads us to doubt whether any of these three functions is satisfactorily fulfilled at present.

The sample costings shown in the appendix are taken from items given us by the Superintendents as supplied by the Accounts Branch. They show large variations in material costs and in labour costs, and large fluctuations in overhead charges, and would appear to be difficult to use for the purposes mentioned above.

25. *Capital Expenditure*.—We recommend that all capital expenditure be reduced to the minimum for the time being. At the Ishapore Rifle Factory a replacement of machinery costing Rs. 7 lakhs had been sanctioned at the time of our visit. We recommend that the necessity of replacement of each individual machine be further considered, and that where machines can continue to run with reasonable efficiency their life be prolonged until the present financial crisis is surmounted.

We recommend that the question of laying out extra plant for the manufacture of complete machine guns, which is now under consideration, be reviewed with more than usual caution to make quite certain that the saving of Rs. 65,000 per annum expected will be likely to be accomplished in fact.

We recommend that, in view of the advance of the housing and amenity programme in factories in recent years, all new works of this nature be suspended for the present. In particular we recommend the suspension of the programme to provide dustless roads at Cossipore at a cost of Rs. 40,000.

APPENDIX TO CHAPTER IV.

Articles.	Year.	Number.	Material.	Labour.	Shop & General charges.	Total cost.	Cost each.
COSSIFORE GUN AND SHELL FACTORY. Ordn. Q. F. 3.7 in. How.			Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
	1925-26	11	65,212 13 10	9,994 6 9	74,692 10 11	1,49,899 15 6	13,627 4 4
	1928-29	10	59,861 5 7	6,928 4 2	26,434 13 11	93,224 7 8	9,322 7 2
	1929-30	11	63,388 2 1	10,171 15 10	52,099 12 3	1,25,659 14 2	11,423 10 0
Fuse T & P No. 80 Mk. XI Empty.	1927-28	9,000	29,872 7 5	6,745 4 4	21,599 10 3	58,217 6 0	6 7 6
	1928-29	50,280	1,58,819 6 8	46,446 4 2	1,61,793 5 8	3,67,059 0 6	7 4 9
	1929-30	1,250	26,685 14 3	167 7 10	1,008 11 11	27,860 2 0	22 4 7
METAL AND STEEL FACTO- RY, ISHAPORE. Steel Bars and Rods per cwt.	1927-28	..	7 11 2	0 7 2	2 3 7	..	10 5 11
	1928-29	..	8 6 2	0 7 1	2 14 0	..	11 11 3
	1929-30	..	11 2 9	0 8 7	3 13 8	..	15 9 0
60 Pr. H. E. Body .	1927-28	..	11 15 2	0 11 10	4 12 2	..	17 7 2
	1928-29	..	10 2 0	0 10 4	5 14 11	..	16 11 3
	1929-30	..	16 5 2	0 8 8	3 14 9	..	19 12 7

Articles.	Year.	Number.	Material.	Labour.	Shop & General charges.	Total cost.	Cost each.
4.5" H. E. Body . .	1926-27	..	8 4 3	0 4 9	1 15 6	..	10 8 6
	1927-28	..	8 0 7	0 6 0	2 5 4	..	10 11 11
	1928-29	..	4 8 9	0 6 1	3 3 11	..	8 2 9
Q. F. Case 4.5" . .	1927-28	..	3 5 8	0 6 11	1 7 9	..	5 4 4
	1928-29	..	1 15 8	0 11 10	4 5 3	..	7 0 9
	1929-30	..	9 0 2	0 11 5	4 2 5	..	13 14 0
ISHAPORE RIFLE FACTORY. Rifle No. 1 Mark III New	1926-27	17,000	17 6 4	20 7 2	41 8 9	..	79 6 3
	1927-28	17,748	15 14 4	18 12 8	29 15 6	..	64 10 6
	1928-29	27,030	49 15 5	11 7 8	18 0 1	..	79 7 2
Rifle No. 1 Mark III Reconditioned . .	1926-27	10,796	6 1 8	7 13 11	14 1 4	..	28 0 11
	1927-28	32,252	7 12 2	9 5 5	13 12 10	..	30 14 5
	1928-29	40,980	22 0 9	5 15 9	8 10 2	..	36 10 8

CHAPTER V.—INSPECTION OF STORES AND CLOTHING.

1. The Inspectorate of Stores and Clothing is an establishment controlled by the Director of Artillery on behalf of the Master General of Ordnance and is responsible for the independent inspection of all stores of ordnance supply procured or produced in India before they are taken into the service. It is also responsible for inspecting stores (other than those known as "general stores") in the hands of troops. The inspection of stores purchased is undertaken by inspectors, who are stationed at the various Ordnance Factories, with branches at other appropriate centres, such as Calcutta and Bombay. The condition of lethal stores in regimental charge is ensured by travelling examiners, who report the result of their inspection through the Inspectorate to the Director of Artillery and to other military authorities concerned, *i. e.*, units, brigades, districts and commands. The permanent staff of the Inspectorate consisted in 1913-14 and 1931-32, we understand, of the following numbers :—

<i>Officers—</i>	1913-14.	1931-32.
Military	15	23
Civilian . . . . .	..	13
<i>Subordinates—</i>		
Military	50	93
Civilian	60	73
<i>Clerks—</i>		
Civilian	36	72
	<hr/> 161	<hr/> 274

We are informed that the cost of the Inspectorate in 1913-14 was 4.58 lakhs and in 1931-32 is Rs. 15.45 lakhs. In 1913-14, its only responsibility was the independent inspection of the output of Ordnance Factories, and as its staff was small it was unable to do more than examine finished stores and could not examine components and material of articles used. As compared with 1913-14, it is stated that the following additional responsibilities have been placed on the Inspectorate :—

- (a) The inspection of clothing and stores for the manufacture of clothing supplied to the army,
- (b) The inspection of optical and scientific stores repaired by the Mathematical Instrument Office, Calcutta,
- (c) The inspection of the stores of ordnance supply purchased from the trade in India for army use,
- (d) An increased inspection of, and watch over, explosives in stock in arsenals and with troops,
- (e) The inspection of respirators and their components,
- (f) The inspection of machine guns and their appurtenances produced and repaired in India or imported from England.

2. In addition to inspection duties, the Inspection Department undertakes the investigation and initial preparation of designs, and also through the Chemical Defence Research Department carries out original research in connection with certain problems relating to defence against gas. It also provides

technical training for certain personnel at the Inspectorate of Small Arms at Ishapore; for example, suitable Indian youths are trained as armourers and refresher courses are held for graduate armourers. Instruction in the repair of boots is given by the staff of the Chief Inspector of Stores and Clothing at Cawnpore.

Inspection of stores is also undertaken for the Royal Indian Marine, Royal Air Force, Indian State Forces, Civil Departments, such as the Foreign and Political and Home Departments, and the Frontier and Constabulary Police.

3. The inspection carried out may roughly be divided into three parts :—

- (a) Inspection of output of Ordnance Factories.
- (b) Inspection of stores purchase in India.
- (c) Inspection of technical equipment with units.

4. In regard to the inspection of the output of Ordnance Factories, we were informed that, except in the Rifle and Clothing Factories, manufacturing establishments maintained a works inspection. This, we are informed, results in a certain amount of duplication of inspection and, as it has been found possible in the above mentioned factories to rely solely on the inspection carried out by the independent inspection staff, we recommend that a similar course be followed in the case of all stores, other than guns and their appurtenances and ammunition, manufactured in the factories.

We understand that this will be done and that the resultant saving will be not less than Rs. 10,000 a year.

5. As regards the inspection of stores purchased in India which are not of special military design we raised in the summer with the military authorities and the Chief Controller, Indian Stores Department, the possibility of co-operation between the two departments in the matter of inspection with a view to avoiding the dual establishments which are at present maintained in certain towns. We are glad to learn that the Master General of Ordnance has arranged in consultation with the Controller, for experiments on the lines of co-operation to be carried out. Thus at Cawnpore for twelve months the Army Inspector Department will, we understand, inspect on behalf of the Indian Stores Department. At Madras, where hitherto the army have not had an inspector officer stationed, but where appointment of army staff was anticipated owing to the prospect of purchases being made there under the rupee tender rules the Indian Stores Department will undertake inspection on behalf of the army. If these experiments are successful, the arrangements will be extended elsewhere. We are not in a position to anticipate what savings will accrue to army funds and to the Indian Stores Department, but there should be substantial economies in working. We cordially welcome this experiment as an endeavour to get rid of a duplication of government staffs which must lead to unnecessary expense.

6. As regards the percentage of stores inspected before they are accepted into the service, we have been informed that in the case of lethal stores such as rifles, machine guns, ammunition, etc., 100 per cent. inspection is carried out. In the case of general stores, we understand that only a percentage of the stores supplied is inspected, normally 20 per cent. We appreciate the necessity of a full inspection of all stores, such as rifles and ammunition, in which defects might cause injury or loss of life. As regards general stores, the question

should be governed simply by the consideration how much inspection is necessary in order to protect the Government from receiving inferior or defective articles. On this question there are always two sharply opposed schools of thought. On the one hand, the cost of the inspectorate of stores and clothing by which the bulk of this kind of work is performed is over Rs. 4½ lakhs, and this sum is an obvious mark for criticism: on the other hand, it is claimed that the cost of inspection more than covers itself not only by the actual rejections but also because an efficient inspection acts as a deterrent. We do not minimize the value of inspection, but we had the impression on our visit to Cawnpore that the amount of inspection of articles of ordinary use was somewhat excessive. We, therefore, recommend that in the case of general stores the normal percentage of inspection should be 10 per cent., this being increased where circumstances render it desirable. If this decrease is accompanied by strict measures, such as refusing tenders in future from contractors whose deliveries are found to be unsatisfactory, it should be possible to avoid any serious deviation from the present standard of supplies.

7. We have considered whether it would not be possible to recommend, as a measure of economy, the greater employment of civilians and Indians in lieu of the more expensive British military officers and other ranks. At present out of 36 officers 23 are military and 13 civilian, the pay of the former averaging over Rs. 1,400 a month in the case of the administrative class and over 900 a month in the case of the departmental class, and in the case of the latter under Rs. 1,250 a month. We have been informed that the essence of a satisfactory inspection on behalf of the army is that the responsible officers should be military officers having practical knowledge and experience of the use of the stores, and that it is only in those appointments in which technical rather than military knowledge is required that civilians are suitable. We appreciate this consideration, but, even allowing for it, we feel that the ratio of military to civilian officers is on the high side and we recommend that each post should be reviewed to see whether civilian could not be appointed at a less cost.

Among the civilians who are already officers in the department, only one is an Indian. Since the British civilian officers receive overseas rates of pay, the employment of Indians would be an economy even at the current standard rates. But we understand that there are difficulties in obtaining suitably qualified men. We recommend young Indians with high educational qualifications be recruited with a view to their training in lower grades and subsequent promotion to the officer class, if they make good. If a scheme were adopted on these lines, it should be possible to reduce the initial rates of pay of the officer class, in view of the training given at the State's expense. As regards subordinates, we are informed that the policy of Indianizing certain chargemen's posts was introduced in 1929 and that two Indian chargemen are at present employed out of a total of eight civilian chargemen. We recommend that the policy be pressed forward more rapidly, since it is from the chargemen that the Assistant Foremen and Foremen are generally recruited and in those grades the British employee definitely draws more pay.

8. We understand that the question of continuing the Chemical Defence Research Department, which was started two or three years ago with staff brought over from England, is under consideration. We recommend that it should be closed as soon as possible, thereby saving some Rs. 75,000 a year.

CHAPTER VI.—AUXILIARY AND TERRITORIAL FORCES.

1. The Auxiliary Force, India, is constituted under the Auxiliary Force Act, 1920 ; it is recruited, with few exceptions, from Europeans and Anglo-Indians and consists of units of all arms. The Indian Territorial Force is constituted under the Indian Territorial Force Act, 1920 ; it is recruited from British subjects other than European British subjects and consisted at the time when the estimates for 1931-32 were framed of 18 Provincial battalions, 4 Urban units, 11 University Training Corps units and the Indian Territorial Force Medical Branch.

2. The following table shows the sanctioned establishment of the two forces in 1931-32 and that of the Volunteers in 1913-14, who then occupied the position now held by the Auxiliary Force, India. There was no Indian Territorial Force, before the war.

1913-14.

Staff in Commands, etc.		Permanent Staff.		Volunteers.
Officers.	Others.	Officers.	Others.	
1	..	59	310	41,000

1931-32.

Staff in Commands, etc.		Permanent Staff.		Establishment.	
Officers.	Others.	Officers.	Others.		
9	29	57	358	36,000	Auxiliary Force.
		94	39*	20,000	Territorial Force.

3. In 1913-14 the expenditure on the Volunteers amounted to Rs. 29,38,000. In 1931-32, the estimates for staff at Army Headquarters, at headquarters of commands, and at headquarters of districts and brigades, employed in connection with the Auxiliary and Territorial Forces, amounted to approximately Rs. 2 lakhs. Apart from these staffs, the expenditure under the heading Auxiliary and Territorial Forces was estimated in 1931-32 at Rs. 61,41,000 on the Auxiliary Force and Rs. 27,57,000, on the Territorial Force; this latter figure includes Rs. 10 lakhs from civil funds. To these figures must be added expenditure on stores and works provided under Head V and the Head for Military Engineer Services, amounting to Rs. 15,43,000 in the case of the Auxiliary Force, and Rs. 7,48,000 in the case of the Territorial Force. It should be noted that according to the figures of the last two years the provision of Rs. 10 lakhs from civil funds for the Territorial Force is not being fully utilised : in 1930-31 only Rs. 6½ lakhs were spent and in 1931-32 it is estimated that only Rs. 8 lakhs will be spent.

* Excludes 7 paid for from civil funds.

4. *The Auxiliary Force, India.*—The functions of the force are laid down in the report of the Auxiliary and Territorial Forces Committee, which reported in 1925, as being,

- (1) the relief of the regular troops from garrison duties in time of war,
- (2) reinforcement of the first line in time of war, and
- (3) assistance to the civil power.

Occasion for employment under the first two headings has not arisen since the Auxiliary Force replaced in 1920 the similar force which previously existed, but we have been informed that from 1927 to August 1931 the force has been called out in aid of the civil power on the following occasions :—

	Times.
1927	8
1928	5
1929	9
1930	73
1931 (to August)	24

It has been represented to us in the evidence given that the objects of the Auxiliary Force as laid down by the Auxiliary and Territorial Forces Committee are being attained.

The force consists, as stated above, of units of various arms and we have discussed with the military authorities concerned what the functions of those arms, other than infantry, are and whether the extra expenditure, which they entail, is justified. So far as artillery is concerned (6 brigades and 7 batteries in all) we were informed that the military authorities are already considering the necessity for their employment. As regards cavalry (10 units) we were told that they are stationed, generally speaking, in localities where no regular units of the army exist and if they were disbanded a corresponding increase in the regular cavalry would be involved. The Royal Engineers (2 field companies and 1 searchlight company) and the Royal Corps of Signals (1 signal company) are trained to assist other units of the Auxiliary Force, and to assist regular Royal Engineer and Royal Corps of Signal units, *e.g.*, in the maintenance of the searchlight of defended ports. The medical and veterinary officers belonging to the force provide, as far as possible, the personnel required for looking after the Auxiliary Force during training periods.

We recommend that unless the retention of the artillery element in any particular case is definitely necessary for the carrying out of the appropriate defence scheme that element in the Auxiliary Force should be abolished. As this recommendation touches on technical questions on which we are not competent to express an opinion, we are not in a position to give an estimate of the savings which would undoubtedly accrue if it is possible to carry out the recommendation. As regards units of other arms, we recommend that the inquiries now being undertaken into the necessity of artillery units should be extended to cover units of all arms other than infantry. As regards the medical and veterinary officers, we recommend that every effort should be made to provide for the needs of the force during its training by utilising the services, where possible, of regular officers stationed in the neighbourhood with a resultant reduction in the establishment of the Auxiliary Force. There are at present 73 medical officers and 5 veterinary officers of the Auxiliary Force and the cost of each officer is approximately Rs. 540 a year so that a reduction of 50 per cent. in the establishment would result in a saving of approximately Rs. 20,000.

We deal in subsequent paragraphs with certain points of detail connected with the pay, training and permanent staff of the Auxiliary Force in conjunction with similar questions which arise in regard to the Territorial Force.

5. Indian Territorial Force, including University Training Corps.—The functions and objects of these units are defined as follows by the Auxiliary and Territorial Forces Committee :—

“The functions of the University Training Corps should be primarily educational. They should be regarded definitely as the foundation upon which the Indian Territorial Force and later the Indian national army is to be built up, and should become one of the recognised recruiting grounds for the officers, non-commissioned officers and men of this force. In time they should develop also into a potential source of supply of candidates for commissions in the regular Indian Army.”

“The active section of the Indian Territorial Force should be regarded as,

- (i) a means of imparting military and patriotic ideals to the non-martial classes and of familiarizing them with military training and service,
- (ii) a second line to the regular Indian Army, its functions as such being, firstly to relieve regular units of garrison duties in time of war, secondly to reinforce the first line in time of war and thirdly to be used in aid of the civil power, if the local civil and military authorities consider it desirable that Territorial units should be embodied for this purpose.”

In the course of our enquiry it has been brought to our notice that at the present time these functions are not being fulfilled. As regards University Training Corps units it has been suggested that there is no marked general enthusiasm for the Corps among some of the universities concerned, that attendance at camps and at weekly parades leaves much to be desired, and that consequently the standard of efficiency so far attained is not as great as might be hoped for. As regards the other units of the Indian Territorial Force, it has been represented that in areas, which are normally recruiting grounds for the regular army, there is no necessity for the Territorial Force in order to familiarise the general population with military service, and that, where units of the force exist in other areas, the objects are not in fact being attained. Up till now occasion has not arisen for the force to act as a second line to the regular army. As regards assistance to the civil power we have been told that the circumstances under which Provincial battalions are trained and the scattered areas from which they draw their personnel make it impossible that they should be readily available for use in a civil emergency, while the question has been raised whether the Urban units (which receive considerably less continuous training than the Provincial battalions) have yet attained the necessary standard of training and experience. The evidence which we received on this point has been given to us by the military authorities and we have not had the opportunity of taking evidence from other sources. We accordingly recommend that an enquiry should be made whether in effect the objects for which the Indian Territorial Force (including the University Training Corps) is raised are, under present conditions, being achieved, or whether by reorganisation the force would be better able to fulfil its functions. In making this recommendation we have taken into consideration the political importance of the force, though as an economy committee we can only bring the matter to notice by pointing out that apparently money now being

expended is not achieving the objects contemplated. We have also no doubt that, in the general discussion of the military policy in connection with future constitutional questions, the position and functions of the Territorial Force will come under review.

6. *Pay*.—Broadly speaking officers and men of the Auxiliary Force and of the Territorial Force, other than the University Training Corps, receive pay during training; in the case of the University Training Corps, junior grade officers, n. c. os. and men get no pay individually but a sum equivalent to the pay and allowances, which would be drawn by them in camp, is placed towards the unit training grant.

We understand that the 10 per cent. cut in pay has not been applied to the pay drawn by officers and men of the Auxiliary Force and Territorial Force and in respect of members of the University Training Corps when out on training. We have been informed that this is because "members of the Auxiliary and Territorial Forces are not whole-time soldiers and only act and are paid as soldiers for a portion of the year." In our opinion this is not a valid reason for difference of treatment. The saving involved in applying the principle would be approximately 2½ lakhs a year and we think this saving should be secured.

A curious point has been brought to our notice regarding the pay drawn by officers of the Auxiliary Force. When they are out on training they receive the old rates of British Service pay *plus* a staff allowance, which was equivalent to what British officers of the Indian Army used to draw under the old pay code. But, if they are called out for duty in emergency, they receive the new British Service rates. The following table shows the difference between these two systems of payment. We see no reason why an officer should receive more at training than when called out for actual service, and think that the British service rates should be applicable in both cases. There would be a saving of approximately Rs. 45,000 a year were this the rule, but it might not be possible to introduce the change except for new entrants.

	British Service rates under old rule. Rs. a month.			British Service rates under new rule. Rs. a month.	
	Pay.	Staff pay.	Total.	Single.	Married.
Lieutenant-Colonel	1,250	400	1,650	1,300	1,450
Major after 5 years as such .	1,050	200	1,250	1,090	1,235
Major	950	200	1,150	965	1,105
Captain with 15 years total service	850	200	1,050	810	955
Captain with 10 years total service	750	200	950	690	825
Captain	750	200	950	660	795
Lieutenant with 7 years total service	550	100	650	530	620
Lieutenant	475	100	575	460	545
2nd-Lieutenant	425	100	525	405	490

7. *Training.*—The following are the periods of training for the Auxiliary Force and Territorial Force respectively :—

AUXILIARY FORCE.										Days.
Infantry—										
Active class	.	.	.	.	.	.	.	.	.	16
" A " reserve	.	.	.	.	.	.	.	.	.	6
Other arms—										
Active class	.	.	.	.	.	.	.	.	.	20
" A " reserve	.	.	.	.	.	.	.	.	.	10

TERRITORIAL FORCE.										
Urban units	.	.	.	.	.	.	.	.	.	As for the active class of the Auxiliary Force.
Provincial battalions—										
9 units	.	.	.	.	.	.	.	.	.	1 month.
9 units	.	.	.	.	.	.	.	.	.	2 months.
University Training Corps	.	.	.	.	.	.	.	.	.	Not exceeding 15 days' camp.

During 1932-33, Provincial battalions of the Territorial Force are, on account of the financial stringency, all performing only one month's training and we recommend that the result of this curtailment on the efficiency of the units concerned should be carefully watched. We have discussed with the military authorities whether in any other case the period of training can be curtailed, but it has been represented to us strongly that the periods are already the minimum for efficiency and we, therefore, make no recommendation on this point.

8. *Staff at Army Headquarters and in commands, etc.*—In the 1931-32 Estimates provision was made for two officers at Army Headquarters and seven officers in commands and districts to deal with Auxiliary and Territorial Force questions. In 1932-33, we understand, there will be only seven officers in all, two at Army Headquarters and five in commands and districts. While we do not suggest the abolition of the appointments at Army Headquarters, we recommend that the work in commands and districts in connection with the Auxiliary and Territorial Forces should be distributed among the ordinary staffs, thus ultimately saving the expenditure of Rs. 70,000 a year on the special staff of officers at present provided for the purpose.

9. *Permanent Staff.*—The following were the establishments authorised for 1931-32 :—

(a) *Auxiliary Force*—

Unit of 1 company—

- 1 Company Sergeant Major (W. O. Class II).
- 1 Staff Sergeant Instructor.

Unit of 2 companies—

- 1 Acting Regimental Sergeant Major (W. O. Class I).
- 2 Staff Sergeant Instructors.

Unit of 3 or more companies—

1 Acting Regimental Quartermaster Sergeant in addition.

(b) *I. T. F. Provincial battalions*—

(i) Higher scale (9 units) 1 Indian officer per company.

1 Indian n. c. o. per platoon.

(ii) Lower scale (9 units) . 1 Indian officer per 2 companies.

1 Indian n. c. o. per 2 platoons.

(c) *I. T. F. Urban units*—

1 Battalion Havildar Major.

1 Company Havildar Major per company.

(d) *U. T. C. units*—

1 Staff Sergeant Instructor per company.

1 Acting Regimental Sergeant Major and 2 Staff Sergeant Instructors for 2 companies.

1 Acting Regimental Quartermaster Sergeant in addition for units of 3 or more companies.

In addition Provincial battalions of the Territorial Force bear on their strength 5 British officers seconded from their regiments.

We understand that it has been decided, as a measure of economy, to replace the permanent non-commissioned staff of the Provincial battalions by temporary staff attached for training purposes only and to reduce the number of British officers attached to Provincial battalions from 5 to 4: lieutenant-colonels who hitherto held the appointment of Administrative Commandant of these units are no longer being employed in these posts. We also understand that in certain cases departure from the normal scale of permanent staff has recently been authorised either by way of increase or decrease to suit local conditions, resulting in a net saving of 12 warrant and non-commissioned officers of the permanent staff of the Auxiliary Force.

We recommend that some further reduction should be made in the permanent staff and suggest that this should take the form of the reduction of the quartermaster sergeants where they are employed with units whose companies are at one station, small annual payments being made, if necessary, to the non-commissioned officer who does the work, if such work is exceptionally heavy*.

We also recommend that further examination should be made to see whether local conditions admit in the case of any Territorial Urban units of departure from the normal number of permanent staff on the lines referred to above in the case of the Auxiliary Force*.

10. *Equipment and Clothing*.—Equipment is maintained by units up to their actual strength; clothing and necessaries may be maintained 5 per cent. in excess of that strength. From inspection of the headquarters of certain units it seemed to us that the actual stocks in store vary, in one case the stocks appearing considerable, in another very small. We recommend that, where a unit is near a source of ordnance supply, clothing and necessaries maintained should not exceed the approximate strength of the unit.

* The cost of a quartermaster sergeant attached to the Auxiliary Force is^s approximately Rs. 5,000 a year: that of a permanent staff instructor of an urban unit Rs. 630 a year.

CHAPTER VII.—MILITARY ENGINEER SERVICES.

1. In our interim report we dealt in general terms with the problem of reducing the M. E. S. budget for 1932-33, reserving for further examination certain details of the expenditure on these services, including the question of staff.

2. As regards our general recommendations we suggested in connection with expenditure on new works that "as so much has been spent on amenities and other works in the last four years and as the financial situation requires a drastic reduction of this expenditure, the amenity programme and other works' schemes must be postponed till circumstances improve, except for absolutely unavoidable construction. As for work in progress which cannot be shut down, we understand that commitments to the extent of about Rs. 88 lakhs are outstanding and we recommend that this amount should be spread over the next two years in equal instalments." We also recommended that the provision for maintenance of works and buildings should be reduced by $7\frac{1}{2}$ per cent., saving $8\frac{1}{2}$ lakhs, and that on this basis for new work and maintenance expenditure the net total of the M. E. S. budget in 1932-33 should not exceed Rs. 2,86,00,000 as against Rs. 3,98,98,000 in the 1931-32 Estimates. We understand that in fact the total net provision included in the draft Army Estimates for 1932-33 is Rs. 2,85,98,000; that of this sum 80 lakhs are in respect of new works, and Rs. 1,06,27,000 are in respect of maintenance of buildings, communications, etc. Of the 80 lakhs, 45 are for works already in progress, 10 are for buildings for the mechanization programme, and the balance of 25 lakhs is regarded as the minimum capital expenditure likely to be necessary for various major and minor works of an essential character, including unforeseen contingencies. We understand that eight of the ten lakhs in connection with the mechanization programme are required in 1932-33 and that it is intended to spend the remaining 2 lakhs on other M. E. S. work. We recommend that the 2 lakhs should not be spent. As we have recommended that no additions should be made to the establishment of vehicles, no further building should be necessary when once existing vehicles have been housed. We further understand that, after the 45 lakhs have been spent, only approximately the same amount will be outstanding to complete the work at present in progress, so that, unless new commitments are sanctioned, the provision for new works in the near future can be confined to the third category, *viz.*, certain essential and unavoidable items. We accordingly repeat the recommendation contained in our interim report that as long as financial conditions require it expenditure on new works should be confined to finishing the works now in progress, and that, beyond this, fresh commitments should only be undertaken when the necessity is established clearly and beyond a doubt.

3. *Maintenance of Buildings, etc.*—As regards the expenditure included for maintenance of buildings, communications, etc., we understand that as against the figure of approximately Rs. 1,04,00,000 recommended in our interim report the sum of Rs. 1,06,27,000 has been included for 1932-33. We append to this chapter a comparative statement showing the M. E. S. budget in 1931-32, and an advance draft of that for 1932-33 as it stood at the time of our enquiry. Although the recommendation in our interim report was based on general grounds with

a view to the framing of the 1932-33 Estimates and without the opportunity of detailed consideration of the various memoranda placed before us by the Engineer-in-Chief, we refrain from altering that recommendation for 1932-33 despite the fact that we have now been able to consider the matter in greater detail. But for future years we consider that there are grounds for anticipating that reduction should be possible in the figure for maintenance of buildings, communications, etc. In the first place, with expenditure on new works down by over a crore, the supervising staff should be able to devote more attention to the expenditure on maintenance, even allowing for reductions in establishment which the military authorities contemplate or we recommend in subsequent paragraphs of this report. With more effective supervision, it should in our opinion be possible to ensure the maintenance of buildings, roads, etc., at a lower cost without letting that maintenance fall below a reasonable and economical standard. Secondly, as stated in the interim report, owing to the heavy programme of buildings in recent years the proportion of comparatively new buildings is high, and their maintenance charges are low. We understand that of buildings, the capital value of which is put at approximately 40 crores, those erected since 1925 are valued at over 14 crores and those erected between 1918 and 1925 at over 14 crores. The proportion of buildings dating back to before the war, on which the cost of maintenance might be expected to be heavy, is therefore comparatively small. Finally, the fall in prices in recent years does not seem to have been reflected fully in the estimates for maintenance services. Out of the sum of Rs. 1,06,27,000 included in the draft estimates for 1932-33 under the sub-head maintenance of buildings, communications, etc., we understand that approximately Rs. 53,00,000 are in respect of buildings: if the standard rate of $1\frac{3}{8}$ per cent. on capital value were reduced to $1\frac{1}{2}$ per cent. a saving of nearly Rs. 5,00,000 would be effected. Approximately Rs. 10,00,000 are we understand allocated to the maintenance of internal electrical fittings, the amount being arrived at by taking 8 per cent. on the capital values: a reduction from 8 per cent. to 6 per cent. would give a saving of, say, Rs. 2½ lakhs. For roads Rs. 23 lakhs are included (12,63,000 for military roads in cantonments and 10,37,000 for those outside cantonments), and a reduction of $12\frac{1}{2}$ per cent. on maintenance would mean a saving of nearly 3 lakhs. The balance of the provision under this sub-head is for the maintenance of furniture and for miscellaneous services such as the maintenance of appropriated bungalows, rifle ranges, drains, etc. So far as the miscellaneous items are concerned we understand that the expenditure in recent years has fallen short of provision by approximately a lakh and the general reasons given above for reduction in expenditure also apply. For these reasons we consider that a saving of from Rs. 1 to 2 lakhs on the miscellaneous items should be possible. To sum up, we recommend that in future years there should be a substantial reduction on the figure of approximately Rs. 1 crore 6 lakhs for maintenance of buildings, communications, etc. If the rates of reduction mentioned earlier in this paragraph are practicable, a saving of some Rs. 12 lakhs will result.

4. *Maintenance and operation of installations.*—The provision in the Budget for 1931-32 for maintenance and running of power stations and water supply amounts to the large figure of Rs. 50,98,000. In the time at our disposal we were unable to conduct a thorough investigation to satisfy ourselves whether these installations were run with the maximum of economy. In evidence the following figures were laid before us:—

Year.

1924-25. 1925-26. 1926-27. 1927-28. 1928-29. 1929-30.

A.—M. E. S. Generating Stations—

Units generated	.	.	.	.	.	60,93,373	65,13,262	66,36,184	72,34,027	86,22,116	92,63,239
Units supplied to consumers	.	.	.	.	.	51,70,924	55,44,990	56,39,938	61,84,603	74,28,813	78,72,586

Working cost per unit generated—

1. Generation only	.	.	.	.	.	As.	3.17	2.78	2.66	2.07	1.79	1.58
2. Distribution only	As.	0.28	.34	.27	.26	.21	.19

3. Total (1) and (2)

.	As.	3.45	3.12	2.93	2.32	2.00	1.77
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All-in cost per unit supplied

.	As.	5.90	5.57	5.34	4.31	3.80	3.65
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B.—Outside Supplies (ii)—

Units received	21,95,485	23,96,870	35,48,138	47,44,933	61,79,748	73,41,404
Units supplied to consumers	.	.	.	.	.	.	20,10,980	27,37,274	32,59,402	42,70,433	56,33,956	67,19,571

Working cost per unit received—

1. Paid to suppliers <i>plus</i> any M. E. S. Staff (switch or transformer)	As.	3.34	3.34	3.35	3.25	3.20	3.28
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2. Distribution only	As.	.20	.34	.27	.32	.27	.32
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3. Total (1) and (2)

.	As.	3.54	3.68	3.62	3.57	3.47	3.60
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All-in cost per unit supplied

.	As.	4.57	4.96	5.00	4.98	4.71	4.76
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It will be observed from the above figures that there has been a very satisfactory reduction in the working cost per unit generated and also in the all-in cost per unit supplied. These figures in themselves show that considerable attention has been paid to the efficient running of the generating stations and from our examination of the officers concerned, we are satisfied that considerable credit is due to the Branch for the reductions made. At the same time we were informed that the officers who supervise these Power Stations have merely a comparatively short electrical and mechanical training and cannot therefore be described as "highly technical experts". The cost of generation now appears as such a large item in the army expenditure that we consider that a further intensive investigation into the running costs might yet result in considerable economies.

5. *M. E. S. Establishment.*—Of the questions connected with the Military Engineer Services which were left over in our interim report for subsequent discussion, the most important is that of personnel. Provision for this is made under "Main Head E.—Establishment" in the Military Engineer Services portion of the Army Budget. In the 1931-32 Budget the provision stood at Rs. 64,38,000. No information is given as to the details of the staff covered by this provision and the figure itself represents the estimated net cost of personnel after taking into account certain receipts from provincial governments, etc., in respect of the supervision of work carried out for those governments by the Military Engineer Services: the amount of those receipts is not stated. This method of presenting the estimate is in our view not satisfactory, and we recommend that in future the total expenditure on personnel should be shown with a separate item of credit for receipts in respect of that personnel. Further, details of the numbers concerned should be given. We have ascertained that the gross and net figures included in the 1931-32 Budget and those in the draft Budget for 1932-33 are—

	1931-32.	1932-33.	Remarks.
	Rs.	Rs.	
Estimated gross expenditure	82,82,000	72,57,000*	*Includes a saving of Rs. 6,11,000 owing to cuts in pay.
Less receipts	18,44,000	11,52,000	
Net expenditure	64,38,000	61,05,000	

The personnel covered by the provision in 1931-32 and that proposed as the normal are, we are informed—

	Average 1931 strength.	Proposed normal strength.
Officers—		
Extra-regimental R. E.	8	8
Regular R. E.	162	166
Inspectors Royal Engineer Machinery R. E. (I. A.)	8 24	8 24
Departmental officers	32	19
Civilian Assistant Engineers	3	8
Officer Supervisor	1	1
Civilians on temporary agreement	2	..
	} Civilian Officers.	
Total	240	234
Sub-Divisional officers (Military and Civil)	226 Military. 88 Civil.	210 Military. 84 Civil.
	314	294
Do. (temporary)	21	17
Overseers	283	309
Do. (temporary)	211	173
Storekeepers	60	60
Do. (temporary)	15	12
Clerical and Drawing establishment—		
(i) Clerks	504	501
(ii) Draftsmen	101	100
(i) Clerks (temporary)	810	584
(ii) Draftsmen (temporary)	163	146

The proposed reduction in the number and cost of establishments is due partly, we understand, to the decrease in the volume of work to be performed, partly to a proposed reorganisation. The Military Engineer Services in India are divided into districts, which correspond as far as possible to the military districts and independent brigade areas in India. Each engineer district is in the charge of a Commander, Royal Engineers (a lieutenant-colonel) who also acts as the adviser on engineer questions to the district or area commander. (The M. E. S. districts in a command are under the Chief Engineer of the command, an officer of the rank of brigadier attached to the staff of the General Officer Commanding-in-Chief.) The C. R. E. of a district is assisted by one or more officers, and in districts containing a large amount of machinery by an Inspector of Machinery: in recent years a district stores officer and a technical officer have also been included on his staff. Every district is divided into divisions each under a Garrison Engineer, and in all divisions, except those that are very small, there are one or more Assistant Garrison Engineers. The work in the division is divided among sub-divisional ..

officers who are either civilians or warrant or non-commissioned officers, one at least being in charge of buildings and roads, one of electrical and mechanical work and one of furniture and stores. The main features of the proposed reorganisation, we understand, are the strengthening of the powers and responsibilities of the Garrison Engineers, and the decentralization from C. R. E.'s offices to lower formations of the stores and accounts work hitherto performed there, and the simplification and reduction of such work.

While we have not had before us the full details of the proposed reorganisation which is not yet, we understand, finally sanctioned, we welcome a measure which will make for reduction in expenditure and we appreciate that the Engineer-in-Chief and those under him, who are responsible for the proposals for reorganisation, have been working on the lines of real economy in endeavouring to eliminate unnecessary work. But we are not satisfied that the reductions shown in the table given above for the cost for 1932-33 and for the normal average numbers are as great as the reduction in the volume of new and maintenance building services to be performed, the effect of the reorganisation and the present financial position call for. The net cost for 1932-33 is lower by Rs. 3.33 lakhs, but this reduction is only achieved by taking into account a saving of Rs. 6.11 lakhs due to the general cut in pay: without that, the net cost would actually have shown an increase. It has been pointed out to us that the net cost would have shown a greater saving but for the fall in receipts (Rs. 6.92 lakhs) in respect of supervision of work done for provincial governments, etc., but the question then arises whether a reduction in staff could not have been made more nearly commensurate with the reduction in work carried out for those governments. And if the gross cost of the M. E. S. establishment is taken and the savings due to cuts in pay are eliminated, the reduction is approximately 5 per cent. whereas the decrease in the gross expenditure on new works, maintenance and general charges is over 30 per cent. It is true that the full effect of the proposed reduction in establishment will not be obtained in 1932-33, but even if this is allowed for the reduction would, we understand, be well under 10 per cent. An examination of the numbers proposed as the future normal establishment similarly suggests that further reductions are warranted. As regards officers, the net reduction is from 240 to 234*, a figure still actually higher than that considered by the Inchcape Committee to be excessive. The figure 234 includes 3 officers hitherto charged to other heads, so that the real reduction is 9 officers and it has further been represented to us that 10 additional R. E. officers had been recently sanctioned by the Government of India but are not now to be employed. We recognise these facts. But we understand that the additional 10 officers had been sanctioned in connection with the amenity programme, which we recommended in our interim report should be suspended, and we believe that the authority for certain officers of the present establishment was also continued in connection with that programme. Moreover the reductions proposed are mainly of stores officers, whose abolition is due to the reorganisation of the M. E. S. and not to reduction in works expenditure. For these reasons and because expenditure on new works will be reduced from Rs. 196.43 lakhs to Rs. 80 lakhs, we recommend that a reduction of 10 per cent. should be made in the 240 officers authorised in the 1931-32 Budget and that a due proportion of this reduction should be in officers of the R. E. We estimate that this would result in an ultimate saving of over Rs. 3 lakhs a year. The average cost of an R. E. officer may be put at Rs. 14,150 a year as against Rs. 10,250

* Included in this figure are 48 officers for furlough reserve and training reserve and on deputation.

for a departmental officer and Rs. 7,800 for a civilian. We should have been disposed to recommend a greater reduction but for the fact that, as stated above, we consider that endeavours should be made by increased supervision of maintenance work to decrease the cost of such work. In recommending a reduction we have not overlooked the arguments that the reduction in expenditure on new works may only be temporary and that there is a shortage of R. E. officers available on mobilization. As regards the first argument we fear that financial circumstances are hardly likely in the near future to permit a resumption of the previous standard of expenditure; as regards the second, we are of opinion that greater reliance should be placed on civilian sources for replacing the regular officers of the M. E. S. on mobilization.

As regards personnel other than officers we understand that while the temporary draftsmen and clerks are required to some extent to supplement continuously the permanent cadre, they also form a margin which fluctuates with the actual work to be done. We consider that the number of such employees must bear some direct, if not exact, relation to the amount to be spent on new works. The figure for new works has fallen by over 30 per cent. and we recommend that reductions should be made with some approximation to this decrease, in addition to the reductions which the reorganisation of M. E. S. has rendered possible. We are not able to say what precise effect this would have on the proposed normal establishment because we are not in a position to allocate the proposed reductions to the two separate causes, but we would point out that in the case of draftsmen the proposal is to reduce the temporary establishment of 163 by only some 10 per cent. (leaving the permanent establishment in addition practically untouched at 100) although few new works will be undertaken in 1932-33. We strongly recommend that a substantial reduction should be made. A reduction of 25 clerks and 25 draftsmen would save approximately Rs. 70,000 a year.

6. *Simplification of clerical work and accounts*.—As indicated above certain reductions are to be made in the staff of the M. E. S. by simplification of clerical work and of accounts. Some of us had an opportunity of examining in some detail in a Garrison Engineer's office the actual accounts documents and there seemed, *prima facie*, considerable scope for simplification. For example, bills for advances to contractors on account of work done have hitherto been supported by complete records of measurements, although this information has to be supplied with the final bill and is also available in full in the engineer's measurement book. Again, the method of recording in the accounts commitments in respect of stores is complex and involves considerable (and apparently unremunerative) clerical labour. We recommend that the examination which is already being made into the possibility of simplifying and reducing this accounts work should be pressed forward. We would also recommend that consideration should be given, if necessary in consultation with the Auditor General, to the possibility of reduction in the audit processes. We would in no way impair audit, to which we attach the utmost importance, but we are not clear whether the 100 per cent. audit which is carried out could not in the case of documents, other than the more important documents such as bills and contracts and measurement books, be reduced without detriment. If simplification and reduction in work are possible, a decrease in staff should result not only in the M. E. S. but also in the Military Accounts Department.

7. *Contracts*.—Contracts for M. E. S. services are placed by engineer officers, those for Rs. 5,000 or less requiring the sanction of a Garrison Engineer, those for over Rs. 5,000 up to Rs. 1 lakh requiring that of a C. R. E.; and those above

Rs. 1 lakh being placed on the authority of a C. E. They are normally measurement contracts made on the basis of a percentage above or below schedule rates, which are maintained in the districts, though in certain straightforward cases, such as repetition work, lump sum contracts are placed. Tenders are invited from selected lists of firms, and normally the contract is given to the lowest tenderer. We discussed with the engineer authorities the possibility of extending the use of lump sum contracts, but we were advised that, generally speaking, conditions in India were not favourable to such contracts. We, therefore, make no recommendation on this point. But we consider that the schedules, on which under the present system contracts are placed, should be revised more frequently than is apparently at present the case. We found in the course of enquiry that in certain instances the schedules had not been revised for five or six years and contractors were quoting as much as 30 per cent. less than the schedule rates. While it is true, as was represented to us, that so long as there is competition, tenders would represent the prevailing market prices and therefore the full value of a fall in prices would be obtained by quotations being made at a discount on the schedule rates, it seems to us by no means certain that fluctuations in market prices would affect all items in the schedule equally. And as quotations are made on the basis of increases or decreases on the schedule as a whole, it does not necessarily follow that, if the schedule is seriously out of date, such quotations would necessarily represent the fair market rate for the actual work required. We accordingly recommend a more frequent revision of the schedules as we are of opinion that such a revision will enable much closer supervision of rates to be enforced. We also recommend that all M. E. S. contracts for over Rs. 50,000 should be made by open tender instead of by calling for tenders from selected lists of contractors. Contracts for Rs. 50,000 and under should continue to be made by calling for tenders from selected lists of contractors, but once a year advertisements should be inserted in the local press inviting firms to apply to be put on those lists.

8. *Design, Specification, etc.*—We have gathered that the standard of M. E. S. building in regard to both design and specification is high. We have been informed that this matter is under examination and that as a first step, in order to encourage immediate economy, the authorised scales are being treated as a maximum, instead of as the normal, and that in certain areas it has been decided to construct buildings on the basis of a fifteen years' life. We ascertained on our visit to the Northern Command that advantage had already been taken of the relaxation in the interpretation of the authorised scale to introduce economies of design rendered possible by local conditions and we recommend that this policy should be vigorously pursued and that the local authorities should be encouraged to effect reductions of, and economies in, the maximum scales.

9. *General Charges.*—The provision for this head of the M. E. S. budget was Rs. 22,41,000 in 1930-31, and Rs. 23,72,000 in 1931-32 and in the draft figures for 1932-33 is, we understand, Rs. 26,66,000. The head covers such items as rent of buildings, and of land, payments on account of compensation for quarters, care of vacant buildings, etc. We are informed that the upward tendency of this head is largely due to the increase in rent of bungalows for officers. The accepted policy is, we understand, to provide officers with suitable accommodation. If government buildings cannot be provided, an allowance is given, but, if that allowance is insufficient owing to high prices in a particular locality, government hires the necessary accommodation in lieu of issuing the allowance. While we make no recommendation in regard to this procedure, we draw attention to it. We have heard not a few complaints that in financial matters

government is hard on officers; in this case there seems a certain generosity. If the allowance is more than adequate, the officer receives the benefit; if it is inadequate, the government makes good. As regards cases where government buildings are provided, we understand that, if the accommodation is less in extent than that to which an officer is entitled, monetary compensation is granted, whether or not he hires additional accommodation, and that some 70,000 rupees a year are paid on this account. We think this procedure is open to objection in principle, and we recommend that such compensation should only be paid in those exceptional cases, if any, where additional accommodation has to be hired by the officer to supplement his quarters.

As regards the care of vacant buildings, for which Rs. 1,60,000 were included under this head in the 1931-32 budget, we have not been able to obtain full details of this expenditure. We have been informed that a considerable portion is on account of chowkidars employed to look after buildings when troops move from the hills to the plains and *vice versa*. The expenditure seems considerable and we recommend that it should be examined with a view to economy, and that, if any of it is in respect of buildings permanently empty, the question of the necessity of the retention of those buildings should be carefully considered.

10. *Loan Expenditure*.—We were asked in our terms of reference to report whether part of the expenditure on new works now charged to revenue might not as a temporary measure be charged to loan funds. We have been informed that the usual rule approved by the Government of India is that “capital expenditure, met usually from borrowed funds, is incurred with the object either of increasing concrete assets of a material character or of reducing recurring liabilities” and that further it is the general rule that the cost of departmental buildings should be charged to revenue and that only really reproductive capital outlay should be financed from loans. There are certain items of the army building programme which might reasonably be regarded as having the effect of reducing recurring liabilities, for example the provision of accommodation for officers, which will reduce hiring charges or the provision of water meters referred to in our interim report, which would reduce the present loss of water revenue. Moreover the inclusion in the military budget of items of a capital nature may give an unfair impression of the cost of the army. And further the provision of loan funds enables a programme of works to be planned and carried through more conveniently and possibly more economically than when works have to be financed from an annual budget, even though that budget is stabilized. But military policy changes, and there would be a greater risk in the case of military works than in that of civilian buildings that, before the loan by which they had been financed had been repaid, they might be found to be surplus to new requirements and from their nature or position to have little residual commercial value. At the same time the new policy might require new buildings which would themselves have to be financed either from fresh loan funds or from a revenue budget still bearing the charges of previous loans. We feel also that, when funds have to be provided from within an annual budget, there is more likely to be critical examination of the merits of a service in competition with others. What is desirable, as distinct from what is essential, may be provided from loan funds when, if the money had to be provided from revenue, it might be found possible to forego the service entirely as one which, however desirable, could not be afforded. In a time of financial stringency such as the present we consider that the balance of advantage from the point of view of economy lies in not resorting to loan expenditure.

11. *General.*—There is one general question to which we think it desirable to refer. In the army organisation the Engineer-in-Chief is not a Principal Staff Officer, nor is he directly and entirely responsible to a Principal Staff Officer. The budget for M. E. S. services is a separate head in the Estimates and we had understood during our preliminary discussions in the summer that the control of this expenditure differed from that of other army expenditure in that it was not directly under a Principal Staff Officer. Had this been the position, the matter would have required further consideration, for in our view there is no essential difference between expenditure on military works and that on other military services, and the question would have arisen whether the difference in treatment might result in any loss of administrative or financial control. But we gather from discussion with the Quartermaster General on the present occasion that so far as financial and administrative control is concerned the responsibility rests not with the Engineer-in-Chief but with the Q. M. G. precisely as it does for supply and transport and other services, except so far as the expenditure on M. E. S. personnel is concerned. We think that it would be desirable to make this position clear by incorporating the budget for Military Engineer Services as a head of the main Army Budget and showing it as under the control of the Quartermaster General. While averse from adding to the Quartermaster General's already onerous duties, we think that the ultimate general responsibility for the cost of the personnel employed on M.E.S. should rest with him, just as he accepts responsibility for the size of that engaged, *e.g.*, on supply and transport duties. In making these suggestions we do not desire in any way to detract from the full technical responsibility of the Engineer-in-Chief. But we think that it is important in principle that the ultimate financial responsibility for expenditure on army services should rest with the Principal Staff Officers; an exception to this rule in the case of M. E. S. would be fair neither to the Principal Staff Officers nor to the Engineer-in-Chief.

APPENDIX TO CHAPTER VII.

MILITARY ENGINEER SERVICES.

Summary of Estimate.

Budget Estimate, 1931-32. Budget Estimate, 1932-33.

Main Heads.	Budget Estimate, 1931-32.		Budget Estimate, 1932-33.	
	Gross expenditure.	Receipts.	Net expenditure.	Net expenditure.
	Rs.	Rs.	Rs.	Rs.
A.—Works	1,96,43,000	..	1,96,43,000	80,28,000
B.—Maintenance—Buildings, Communications, etc.	1,12,86,000	..	1,12,86,000	1,06,27,000
C.—Maintenance and operation of installations	50,98,000	..	50,98,000	50,16,000
D.—General Charges	23,72,000	..	23,72,000	26,66,000
E.—Establishment (excluding expenditure in England)	64,38,000	..	64,38,000	61,05,000
F.—Tools and plant	3,92,000	..	3,92,000	3,72,000
G.—Suspense (excluding expenditure in England)	—7,000	..	—7,000	—7,000
Deduct—English cost of Stores	1,25,000	..	1,25,000	—57,000
Receipts . . . . .	..	56,68,000	..	46,60,000
Total India	4,50,97,000	56,68,000	3,27,97,000	2,81,37,000
England	4,69,000	..	4,61,000	4,61,000
Exchange . . . . .	..	..	..	..
Total	4,55,66,000	56,68,000	3,32,58,000	2,85,98,000

(a) Includes approximately Rs. 53,00,000 in respect of buildings, Rs. 10,00,000 in respect of maintenance of internal electrical fittings, Rs. 23,00,000 in respect of roads and Rs. 20,00,000 on miscellaneous items.

CHAPTER VIII.—STAFFS OF ARMY HEADQUARTERS, COMMANDS, ETC.

1. We have been furnished with a table annexed to this chapter showing the numbers and cost of the staff of Army Headquarters, Commands, Districts and Brigades in 1914, 1922 and 1931. We have also prepared a table showing the number of officers at Army Headquarters in 1914, as they were in 1922 and 1926 before the first and second Innes reports and as they would have been under those reports, as they stood in the Army Estimates in 1931, and as we understand they will be in 1932 when the reductions proposed by the military authorities in connection with this enquiry are put into effect. We have had some difficulty in arriving at figures which correspond with those furnished to us in the first table, but we believe them to be sufficiently accurate to illustrate the general position: as staffs of Commands, Districts and Brigades were not covered by the Innes reports we have not included them in the columns relating to these reports. We would add that comparative figures over a period of years are apt to be misleading: reorganizations prevent the comparison of like with like: transfers of posts between headquarters or commands, or the inclusion of officers in the headquarters staff, who formerly carried out practically the same duties elsewhere, may swell the numbers and cost of headquarters without adding to the numbers and cost of the army as a whole. In this connection we would point out that the figures furnished to us for the present purpose differ from those incorporated in the table on page 9 of our interim report. In that table certain unseconded officers attached to the staff were not included and the figure for the staff in 1922 obtained from certain returns presented in connection with the Inchcape committee requires amendment.

But though the figures must be treated with reserve, and those for any particular date no doubt are capable of, or even require, explanation, if they are to be fairly interpreted, they show broadly that, although compared with 1922 the cost of the Army Budget in 1931 had fallen from 67.75 crores to Rs. 52 crores and the number of fighting troops from approximately 2,80,000 to approximately 2,47,000, the number of officers on the staff at headquarters had increased from 160 to 172 and that of officers on the local staffs from 450 to 473 and their combined costs had increased by some Rs. 20 lakhs. Even with the proposed reductions for 1932-33 the staff at Army Headquarters will not have fallen to the 1922 level and that in commands, etc., will be only just below it.

2. The supreme control and administration of the army rests with Army Headquarters. Under Army Headquarters, India is divided for purposes of military command and administration into four major areas or commands, each command being sub-divided into a certain number of districts and independent brigade areas, the total for which provision was made in 1931 being 14 districts and 4 independent brigade areas. Before the war the Army in India was divided for purposes of command and administration into two armies and ten districts. The General Officers Commanding-in-Chief of the two armies were charged with the command, inspection, training and discipline of the troops under their command but had no administrative responsibility. The reorganization after the war was, we are informed, designed to improve the system of command and distribution of troops, to obtain a proper balance between combatant and ancillary services and to maintain a machinery in

peace able to produce rapid expansion in war. It was based upon the propositions—

- (a) that no system of organization can produce good results which does not permit of close personal relations between commanders, staffs and troops: with this object in view the unit of command was restricted;
- (b) that as far as possible each commander should have his troops so concentrated as to render possible combined training for war;
- (c) that the system of administration should be such as would be readily adaptable to war conditions;
- (d) that Army Headquarters should be free to concentrate upon the larger questions of policy and administration.

3. The result of this re-organization has been to produce a machine framed with regard to logic and uniformity. Broadly speaking each branch of the staff and of the services is reproduced in miniature at the lower level; each commander at those lower levels has on his staff or attached to his staff representatives of the staffs and services serving at headquarters. Thus to take an illustration, the General Staff at Army Headquarters has its counterpart in 3 or 4 General Staff officers in each command and 2 or 3 in each independent brigade area and district and the supply and transport service at headquarters has its counterpart usually in 3 officers with each command and 2 with each independent brigade area or district. We do not question the desirability of this from the point of view of organization and efficiency. But it is undoubtedly expensive, and the question is whether under present circumstances that expense can be afforded. We would point out in this connection that although, as we understand, the introduction of the four command scheme was intended to relieve Army Headquarters of work and presumably result in reduction of staff through decentralization, Army Headquarters staffs have not in fact been substantially reduced as a result of the scheme. We feel that some substantial reduction in the expense of staffs is essential, though we have found it even more difficult than in other spheres of army expenditure to suggest the best methods of such reduction. A detailed examination of each branch of the staff at headquarters and in the commands and districts with a view to determining whether each officer is required under the present accepted organization would have been impossible in the time at our disposal. Moreover the examination of Army Headquarters in detail was carried out in 1922 and 1926 by special committees appointed solely for that purpose under Sir Charles Innes, and in connection with the present enquiry the military authorities have, we understand, scrutinized the staffs closely and have in consequence effected the reductions shown in the Table II annexed. It is to be noticed that although the Innes Committees after a detailed review of Army Headquarters branch by branch and post by post made recommendations resulting in reductions of staff, there has actually been an increase compared with the figures finally accepted by the second committee in 1926. We have been informed that the recommendations of that committee in regard to officers have been carried out, with the exception of seven posts, and the increase is therefore due partly to transfer of duties but also to the creation of new posts.

4. While we have not been able to make a detailed examination of each branch, we are equally not in a position, on such consideration as we have been able to give the matter, to suggest a drastic rebuilding of the whole machine or a complete reversion to the position as it was in 1914, when, we are

informed, the staff organization was inadequate. We should in fact have been disposed to recommend the abolition of a separate Western Command. But we understand that the command is essentially a war organization and that difficulties of communication make it undesirable to merge the Western Command in the Northern Command. We further understand that in order to secure economy it has already been decided to merge the administrative staff of the Baluchistan District into the Western Command Headquarters administrative staff. In view of the military and geographical considerations involved we refrain from recommending the absorption of the command in the Northern Command.

5. Feeling as we do that economy in the present expenditure on head-quarter staffs is essential, it would have been possible, taking these considerations into account, simply to point out the cost of the present staff organisation and to record our strong opinion that under present conditions it is greater than can be afforded. But even though we recognise that the organization of staffs is a technical matter affecting the whole machine, and therefore peculiarly a subject in which the actual method of economy may properly be left to the military authorities, we thought it fairer to suggest certain additional lines of approach for the consideration of the military authorities. We accordingly suggest for consideration whether, while leaving the framework of the machine as it stands, it might not be possible to take away some parts, not necessarily uniformly, but simply where they are not absolutely necessary to ordinary peace running.

6. It appears to us that, so far as administrative services are concerned, the pressure of work and the need for staff must be greatest at those levels in the hierarchy of command where the financial administration and the day to day work in connection with that administration lie and that it is at the other levels in the hierarchy that reductions of staff would be most possible. Financial administration, with a centralised financial budget, lies mainly at Army Headquarters and we venture to think that one of the reasons why reductions of staff at those Headquarters have not followed the creation of administrative staffs in the commands to the extent possibly anticipated, is because it has not been possible to decentralize generally financial administration. In some cases there has been decentralization to lower levels but the measure to which such decentralization has taken place varies with different services. We therefore suggest that it might be considered in relation to each administrative service at which level financial administration is least heavy and whether at such level reduction of staff in relation to that service might not be possible. In the case of the ordnance services for example, broadly speaking the financial administration is exercised practically entirely at Army Headquarters, where arrangements for provision and purchase of ordnance stores are centralized. The duties of the ordnance officers attached to the commands and districts are, we believe, mainly advisory or inspectional, and we suggest that it might be considered whether at either of these levels the ordnance representatives might not be dispensed with. We have not overlooked the fact that the D. A. D. O. S. attached to districts are responsible for inspection of equipment in possession of units, and we have had evidence of the useful work they do. But we understand that an experiment is being made of attaching to brigades warrant officers of the Indian Ordnance Department, whose duty it will be to inspect the equipment in the hands of troops and to attend boards for condemnation of equipment. If the experiment is successful, we suggest that their work under the supervision of the ordnance representatives in the commands should be sufficient to ensure that the ordnance interests at the brigade and

district level are sufficiently safeguarded, while the staff of the brigade or district commander might secure such technical advice on ordnance matters as they require either from these warrant officers or from the ordnance representatives in the command in which the brigade or district is. In the case of Supply and Transport on the other hand, although a greater part of the financial administration is centralized at Army Headquarters, there is a good deal in connection with local contracts for meat, vegetables, etc., on the supply side, and for hiring of transport on the transport side, which falls on the I. A. S. C. officers at a lower level. But this financial administration is mainly carried out in the districts and not in the commands and we understood in one command that representatives of the supply and transport services attached to the command staff—consisting of a Deputy Director of Supply and Transport Services, and two Assistant Directors—were engaged mainly in advisory and inspectional duties. In the case of supply and transport therefore it appears to us that the possibility of reduction of staff, by reducing these advisory and inspectional responsibilities, might reasonably be looked for at the command level. It must be remembered in this connection that in addition to the representatives of the Supply and Transport services in districts and at Command and Army Headquarters, there are two Inspectors, of Indian Army Service Corps Services. In the case of the Military Engineer Services there already has been considerable decentralization of financial administration and under the proposed reorganization there will be even more. It is at the level of the districts that the bulk of the financial administration is carried out, and it is accordingly the Command or Army Headquarters level at which it seems to us that reduction of staff might be aimed at; for example the link of the Chief Engineer might be dropped from the chain and for engineer services the District might be in direct touch with Army Headquarters, the staff at those Headquarters being strengthened if necessary. Or, if the effect of the new organisation is to throw the weight of the financial administration on the Garrison Engineer, rather than the Commander Royal Engineers, and to devolve from Army Headquarters to commands the general financial control, then reduction might be sought in the staff of the Commander Royal Engineers and at Army Headquarters. At present the Commander Royal Engineers in a district has two or more assistants, one at least being for works and the other for electrical and mechanical installations: the Chief Engineer in the Command has also two assistants usually one for works and one for electrical and mechanical installations in addition to special technical officers.

We have already dealt with the question of medical and veterinary and remount officers in our interim report.

7. We are well aware that, quite apart from other objections, it will be pointed out that in the case of the Northern Command in particular it is necessary to retain an organisation in peace which can be converted at once to a war basis. In that case we recommend that the Eastern and Southern Commands might be considered on the lines suggested. Although uniformity is no doubt desirable throughout the commands, the price of it may be too great, and in any case the decision to merge the administrative service of District and Command Headquarters in the Western Command is a recognition that local conditions may justify a departure from symmetrical organization. If it were possible to reduce the appointments of say 7 D. A. D. O. S. and to reduce the supply and transport and engineer staffs in the Eastern and Southern Commands we estimate that the resultant saving, allowing for corresponding decreases in subordinate staff, might be at least 6 lakhs a year.

8. Apart from the number of officers, it seems to us that at Army Headquarters in particular the grading of officers generally is on the high side. Thus in the General Staff Branch the proportions are 5 G. S. Os. 1 to 12 G. S. Os. 2 and 13 G. S. Os. 3: in the Adjutant General's Branch practically all the officers are graded as Deputy Assistant Adjutants General or higher (there is only one Staff Captain employed): in the Supply and Transport Directorate under the Quartermaster General there are four Deputy Directors while of the two officers in the Directorate of Remounts one is graded as a Director and the other as a Deputy Director; in the Master General of Ordnance Branch there are two Deputy Directors under the Director of Artillery. We recommend that all gradings be examined with a view to reduction.

9. As regards the subordinate staff, that at Army Headquarters has been the subject of detailed review and report by Mr. Heseltine in 1923 and by Mr. Macdonald as recently as 1929. In the commands, if our suggestion to reduce certain classes of appointment is accepted, there will be automatically a reduction in subordinate staff. Apart from numbers, a possible field of economy lies in the substitution of Indians for British clerks. At Army Headquarters we understand that, out of a total of 832 clerks serving in the military departments, approximately 100 British soldier or ex-soldier clerks are employed, the balance being Indian clerks. The British clerks are not, as is the case in Commands, etc., on the India Unattached List, but are temporarily detached from their units and ultimately are discharged from the army and engaged as civilian clerks. We understand that except in the case of clerks of the 2nd division, where there is a difference in pay of some 40 rupees a month, the only difference in the cost of British and Indian clerks at Army Headquarters is the cost of free passages given to the former, estimated at Rs. 30 a month. It is claimed that there is need at Army Headquarters of a certain number of men who have military knowledge and are acquainted with matters concerning the discipline, environment and conditions of a soldier's life. In the circumstances we make no recommendation in the matter.

: In the commands, districts, etc., British soldiers and Indian clerks are employed in approximately equal numbers. The British soldiers are either members of the India Unattached List or are temporarily detached from their units awaiting appointment in the List. The average cost of a British soldier clerk in the commands may be put at Rs. 340 a month, that of an Indian clerk at Rs. 180 a month. We recommend that for the present only 25 per cent. of the clerks employed in Commands, etc., should be British. The saving would be over Rs. 3 lakhs a year.

10. In discussing the expenditure at Army Headquarters and in Commands we would refer to one item which, if it is carefully watched, may yield considerable savings. In Army Estimates for 1931, Rs. 14 lakhs were included for printing and stationery. We understand that until recently there was no machinery for closely controlling this expenditure, but that such machinery has now been established under an officer of the Army Department. We have had an opportunity of discussing the question with this officer and are satisfied that he has already succeeded in making considerable savings and should be able to make still further savings in the future. We consider that this is a matter which should continue to be closely watched.

TABLE I.

Comparison of staff at Army Headquarters, Commands, Districts and Brigades.

Item.	Army Headquarters.						Commands, Districts and Brigades.					
	1914.		1922.		1931.		1914.		1922.		1931.	
	No.	Cost.	No.	Cost.	No.	Cost.	No.	Cost.	No.	Cost.	No.	Cost.
Officers . . .	97	15,99,804	160	31,79,040	172	36,58,870	341	45,93,560	450	75,65,160	473	90,93,050
Clerks . . .	492	9,63,537	752	23,77,890	832	23,79,204	351	4,02,000	935	17,37,960	694	23,05,000
Office servants . .	271	31,293	286	65,620	399	88,041	319	26,810	..	75,900	Included in above.	
Contingencies and miscellaneous expenditure.	..	4,43,900	..	6,03,342	..	8,37,700	..	3,38,400	..	8,35,110	..	6,94,200
Total . .	..	30,38,394	..	62,25,892	..	69,62,813	..	53,60,770	..	1,02,14,130	..	1,20,92,250

TABLE II.

Comparison of numbers of officers at Army Headquarters, Commands, Districts and Brigades at various periods between 1914 and 1931.

	1914.	1922.	Proposed by First Innes Com- mittee.	1926.	Proposed by Second Innes Com- mittee.	1931.	Proposed by the military authorities in connec- tion with present enquiry.
Army Headquarters	97	160	106	149	141	172	163
Commands, Districts and Brigades.	341	450	..	..	..	473	443

CHAPTER IX.—INDIA UNATTACHED LIST.

1. The India Unattached List is an organisation of departmental officers and other ranks constituted to carry out departmental and non-regimental duties of various kinds and is primarily recruited by seconding British other ranks from their regiments. Officers' appointments are filled by promotion from among the warrant officers on the List. The reason for maintaining a separate organisation is to prevent the reduction of the effective strength of regimental units caused by the practice of taking men from units for non-regimental duties without replacement.

2. The List consists of a departmental portion and a non-departmental portion. The numbers at present sanctioned for the two portions, showing the formations with which they are employed, are given below :—

Departmental India Unattached List.

	I. A. S. C.		Mily. Farms.	Army Remount Dept.	Indian Army Veterinary Corps.	Indian Army Ordnance Corps.	Military Engineer Services.	Indian Miscellaneous List.	Indian Corps of Clerks.†	Survey Section.
	Supply and Animal Transport.	Mechanical Transport.								
Departmental Officers	51*	24	5	5	..	55	32	29	18	1
Warrant Officers and Non-Commissioned Officers.	431	391	44	18	4	607†	224	11	329	5
Students . . . . .	..	..	5	..	..	..	..	..	..	..
Unseconded temporary British Clerks	..	..	..	..	..	..	..	..	78	..

* Included 12 temporarily performing executive officers' duties.

† Includes Hill Depot Staff.

‡ Includes 21 Indian assistant storekeepers.

Non-Departmental India Unattached List.

	I.A.O.C. Soldier Mechanics.	Permanent Staff Instructors.		T. Coy. Indian Signal Corps.	Military Detention Corps.	Miscellaneous appointments.
		A.F.I.	U.T.C.			
Acting Warrant Officers.	2	104	14	4	5	19
Non-Commissioned Officers.	..	245	31	87	8	17

3. The rates of pay and conditions of service of the members of the non-departmental portion are practically the same as those of regimental ranks, except in the case of personnel of "T" Company Indian Signal Corps when employed with the Posts and Telegraph Department, and the only inducements to join the non-departmental portion are the grant of an initial step in rank, a longer period of service, and better leave prospects.

4. The various branches of the non-departmental portion are dealt with in detail below.

The two I. A. O. C. soldier mechanics are, we are informed, men with considerable military service and, when they retire, they will not be replaced by soldiers.

We have already dealt with the men employed with the Auxiliary and Territorial Forces in another part of our report.

"T" Company of the Indian Signal Corps consists of soldiers seconded for duty with the Indian Posts and Telegraph Department, where they are trained in the civil telegraph system, so that they become conversant with the working of that system and the instruments used. They are organised in such a way that on mobilisation they can take over such portions of the civil telegraph system as it is essential to operate with military personnel. When employed in the Posts and Telegraph Department they receive from army funds the pay and allowances of their regimental rank and from civil funds they draw telegraph departmental allowances from Rs. 1-4-0 to Rs. 3-8-0 a day. We appreciate the necessity of having a nucleus of men trained in civil telegraph work immediately available on mobilization, but we consider that an endeavour should be made to obtain them at less cost. We suggest that the military authorities might consider with the Posts and Telegraph authorities the possibility of relying for mobilization on men belonging to the ordinary establishment of the Posts and Telegraph Department, with reserve liabilities for which they would receive (in addition to civil pay) reserve pay from army funds. These reservists might either be enlisted as special reservists from the Posts and Telegraph staff or enlisted as soldiers, discharged to the reserve and employed by the Posts and Telegraph Department.

The personnel of the Military Detention Corps is employed in detention barracks where British soldiers sentenced to detention undergo their sentence. From the nature of the duties it is necessary that this personnel should consist of British warrant officers and non-commissioned officers and we make no recommendation in this connection.

The miscellaneous appointments are mainly in connection with schools and establishments with which we have dealt in our interim report.

5. As regards the departmental portion of the India Unattached List the following tables give the special rates of pay drawn by the departmental officers and other ranks respectively. In addition to their pay the officers receive certain free passages on leave and the other ranks receive concessions (e.g., rations, marriage allowance, accommodation, clothing, free passages, etc.) to the estimated value of Rs. 115 a month. Promotion, except in the case of the clerical and mechanical transport section, is by time. We have also summarised in tabular form information given to us as to the rates of pay, paid or proposed to be paid, to the equivalent Indian personnel.

Departmental officers (Monthly rates).

	Unmarried officers.				Married officers.				Pay and allowances while on leave in India other than privilege leave.	
	Pay of rank.	Indian Army allowance.	Lodging allowance.	Total.	Pay of rank.	Indian Army allowance.	Lodging allowance.	Marriage allowance.	Total.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Assistant Commissary and Lieutenant.	560	50	25	635	580	50	50	55	715	535
Deputy Commissary and Captain	605	60	35	700	605	60	70	90	825	620
Commissary and Major on promotion.	710	70	45	825	710	70	90	80	950	715
Commissary and Major after 8 years' commissioned service and 2 years' service as Major.	840	80	50	970	840	80	100	80	1,100	825

N.B.—These rates are subject to the 10 per cent. cut brought in from the 1st December 1931.

Departmental warrant and non-commissioned officers (Monthly rates).

Rank.	Pay of Rank.	Indian Army Allowance.	Total.
	Rs.	Rs.	Rs.
<i>Warrant and non-commissioned officers enlisted before the 26th October 1925.</i>			
Serjeant	200	20	220
Staff Serjeant	250	30	280
Sub-Conductor	340	40	380
Conductor	370	50	420
<i>Warrant and non-commissioned officers enlisted on or after the 26th October 1925.</i>			
Serjeant	190	20	210
Staff Serjeant	220	30	250
Sub-Conductor	295	40	335
Conductor	320	50	370

N.B.—The rates for those who enlisted before the 26th October 1925 are subject to the 10 per cent. cut brought in from the 1st December 1931.

PAY OF EQUIVALENT INDIAN PERSONNEL.

Military Engineer Services—

<i>Furniture and Stores Branch—</i>	Rs. a month.
Civilian Overseers to replace B. O. Rs. . . .	60—5—150
Civilian S. D. Os.—	
1st to 11th year	150—10—250
12th to 17th year	280—20/2—320
18th year	350
19th to 25th year and thereafter	375—25/2—450

Indian Army Service Corps—

(Supplies)—

Indian officers who replace B. O. Rs.—	
Jemadar	75—5—100
Risaldar	130—10—160
Risaldar Major	250

Plus Rs. 213-8-0 per annum on account of concessions.

Indian Army Ordnance Corps—

Assistant Storekeepers and Storekeepers—

During the probationary period of 12 months	100
(i) On confirmation: Assistant Storekeeper, Lower Division	120—6—150
(ii) Assistant Storekeeper, Upper Division	160—10—250
(iii) Storekeeper, Lower Division	260—15—350
(iv) Storekeeper, Upper Division	375—25—450

Military Farms Department—

	Pay of Rank.	Staff or Departmental Pay.	Charge Allowance.
	Rs. a month.	Rs. a month.	Rs. a month.
Risaldar	115—10—145	50—10—90	20—100 (according to importance of charge held).
Risaldar Major.	250	100—10—150	Ditto.

*Indian Corps of Clerks—**(Indian Wing)—*

Lower Division	50—4—90—3—120
Upper Division	100—7½—250
Selection Division	250—10—300

It will be seen from the above tables that there is a very definite economy in the employment of Indian personnel, and it is to secure this economy that in general we have recommended in other parts of our report and recommend, in broad terms here, their substitution for British personnel. But it will be seen from the tables of Indian rates of pay that there are very considerable variations in the rates paid in the different branches. We recommend that these variations should be carefully scrutinised to ensure that they are justified. It is essential in order to secure the full advantages of the economies which the policy of Indianization offers that while on the one hand too high a standard of pay shall not be set, on the other hand reasonable rates should be paid in order to secure the right type of man.

As regards the scales applicable to British personnel we understand that recommendations have already been made to abolish time promotion. We consider that this should be done as soon as possible.

We have already dealt with the substitution of qualified Indians for British other ranks of the Unattached List in various establishments which we considered in our interim report. For example, recommendations on the point are contained in the sections dealing with Supply Services, Animal and Mechanical Transport Services, Veterinary and Remount Services and the Military Farms Department. In the Indian Army Ordnance Corps we have been informed that the policy has been accepted of Indianizing the supervisory staff up to 25 per cent. Recruiting for Assistant Storekeepers in place of British other ranks of the India Unattached List began in 1928 but up to the present only 21 have been appointed. There are over 650 British ranks, including departmental officers, employed in the Indian Army Ordnance Corps section of the Unattached List, of whom over 400 are employed in arsenals, mainly in connection with storekeeping duties. It has been represented to us that it is very desirable that the personnel employed on these duties should have military training and service, since they have to deal direct with troops and may be employed in the field during training and active operations. We appreciate this, but we consider that, even if it is difficult to recruit Indian non-commissioned officers with the necessary qualifications, it should be

possible to work to a considerably smaller limit of British soldiers than 75 per cent. of the establishment and we recommend that in the interests of economy at least 50 per cent. of the storekeeping establishment should be Indians. The ultimate saving of employing Indians to the extent of 50 per cent. instead of 25 per cent. of the establishment would be not less than Rs. 2½ lakhs a year.

In the case of the Military Engineer Services the personnel of the India Unattached List is employed in the Buildings and Roads Branch, the Electrical and Mechanical Branch and the Furniture and Stores Branch. There is also a civilian establishment for these branches recruited mainly from Indians. The establishments are as follows :—

	Officers.		Others.	
	Military.	Civil.	British other ranks.	Civilians.
Buildings and Roads . . .	19	3	78	76
				21 temporary.
Electrical and Mechanical . .	2	..	49	14
Furniture and Stores Branch .	11	..	97	..

We understand that in the Buildings and Roads section it is proposed to increase the number of Assistant Engineers from 3 to 8 and that as regards subordinates the accepted policy is to employ approximately 50 per cent. Indians. In the Electrical and Mechanical branch we have been informed that there is difficulty in obtaining trained Indian personnel, and of the 14 civilians at present 6 are Europeans. In the Furniture and Stores branch we understand that it is proposed to substitute Indian civilian overseers for approximately 25 per cent. of the British personnel on the India Unattached List employed as sub-divisional officers. We recommend that in the Furniture and Stores branch the recruitment of Indian civilians should be greatly accelerated with a view to employing Indians in at least 50 per cent. of the posts in this branch at a considerable saving of expense. Even if Indian civilian sub-divisional officers were employed instead of the British personnel, there would be a saving in their substitution in 25 posts of some 60,000 rupees a year and the proposed substitution of Indian overseers in 25 posts will mean a saving of approximately Rs. 1 lakh.

Our recommendations regarding the clerical section of the Indian Corps of Clerks are contained in the part of this report which deals with the staffs of Commands, Districts and Brigades.

We understand that the members of the India Miscellaneous List are not being replaced by soldiers as their services expire and accordingly we make no recommendation in regard to them.

CHAPTER X.—ROYAL INDIAN MARINE.

1. The East India Company was authorised by the charters of Charles II and James II to maintain an armed naval force for the defence of its possessions and for the prevention of interference with its trade monopoly. This force eventually developed into the Indian Navy, which was abolished after the Indian Mutiny, all duties of a warlike character being transferred to the Royal Navy. The transport of troops and stores, with other civil duties, was relegated to a local service not subject to military law, which was first designated "The Indian Marine" and, in 1892, "The Royal Indian Marine". It was decided in 1895 that India should contribute £100,000 to the Admiralty on account of her naval defence.

In 1923 the fleet of the Royal Indian Marine consisted of three troopships, three station ships, two survey ships, one lighthouse tender in the Persian Gulf, one despatch vessel in the Persian Gulf, one training ship, one receiving ship, two river steamers, two patrol craft vessels, nine trawlers, twenty-four military launches and thirteen yardcraft. The approximate strength of the service at that time was 182 officers, 63 warrant officers and 1,248 other ranks.

With effect from the 1st April 1928, the Royal Indian Marine was re-constructed. The functions of the reorganised service in peace time are as follows:—

- (a) The training of personnel for service in war.
- (b) The services required by the Indian Government in the Indian Ocean and Persian Gulf.
- (c) The organisation of the naval defences at ports which are under the control of the Indian Government.
- (d) Survey work in the Indian Ocean.
- (e) Marine transport work for the Government of India.

The strength of the service is four sloops, two patrol craft vessels, five trawlers (including one target towing trawler), two survey ships and a depot ship, in addition to the necessary ancillary craft, with an establishment, according to the Army Budget of 1931-32, of 98 officers and 1,064 warrant officers and ratings. (In addition 23 officers are employed under, and paid by, the civil government). One-third of the appointments to the commissioned ranks is reserved for Indians possessing the necessary qualifications. Up to the present only two Indians have been appointed but others are under training. As regards other ranks, before the reorganization there was a small cadre of European and Indian boatswains but it is the intention that all vacancies in this rank should be filled by promoted ratings. The warrant and non-commissioned ranks are recruited from Indians and in order to ensure an adequate supply of recruits suitable Indian boys are being trained on H. M. I. S. "Dalhousie."

2. As stated in the Inchcape report, the expenditure on the Royal Indian Marine in 1914 was Rs. 63½ lakhs but by 1922 this figure had increased to Rs. 137 lakhs. As the result of the Inchcape Committee's recommendations and the reorganisation of the service the 1931-32 estimate stood at Rs. 69·40 lakhs.

We were informed at our visit to Bombay that proposals, by which economies might be effected, had already been submitted by the Flag Officer Commanding for the consideration of the Government of India although he did not

consider that all of them were desirable. After examining these proposals the bulk of which have, we believe, been accepted by the Government of India resulting in a saving of Rs. 2.25 lakhs, we devoted our attention to exploring those avenues of expenditure which did not appear to have come within the scope of the recommendations of the Flag Officer Commanding.

3. By far the most important point was the organisation and working of the Dockyard. In the budget estimates for 1931-32, a net allotment of Rs. 5.56 lakhs has been made for expenditure in connection with this item. A departmental committee appointed in 1925 to report on the reorganisation of the Royal Indian Marine expressed the opinion that the retention of the yard under government management was uneconomical since the yard is designed on a much larger scale, and is equipped with extensive and costly machinery capable of dealing with more work, than is required by the ships of the Royal Indian Marine. But the Committee did not advocate the sale of the dockyard. They considered that it should be leased for a period of fifteen years in the first instance, during which time the annual refit of ships should be entrusted to private firms as was the practice of the Admiralty in the case of the East Indies Squadron. Owing to the short term of the lease it was considered by experts unlikely that any company would come forward to take over the yard, and after reviewing the question it was ultimately decided by the Government of India to abandon the idea of a lease, and to retain the yard on as economical a basis as is possible.

4. The Flag Officer Commanding in the course of his evidence gave it as his considered opinion that, from a service point of view, the retention of the Dockyard was essential, as there were certain classes of repairs which no agency in India other than the Royal Indian Marine staff was able to execute. In order to work the dockyard on an economical basis he considered that every endeavour should be made to obtain outside work from other government departments and with certain reservations from private individuals. He considered it unlikely, however, that contracts would be obtained by the yard under present conditions as the overhead charges now levied precluded the Royal Indian Marine from quoting competitive rates. The Flag Officer Commanding has therefore suggested that fixed rates of 25 per cent. on labour and 15 per cent. on material should be levied as overhead charges for a period of three years on jobs executed for local governments, etc. He considered that this will tend to attract a greater volume of work which will enable the dockyard to attain its full capacity and work on an economical basis. We are advised by the Controller of Marine Accounts that these percentages are too low to cover the actual cost of overhead charges correctly debitable to the work and if adopted would result in a loss. We recommend that the accounting authorities should consider what is the minimum charge for overhead charges on work done for other government departments which would cover the actual cost attributable to such work. In this connection it should be considered, as we have recommended in the case of the ordnance factories, whether the capital value of plant, machinery and buildings is in accordance with present day values and whether any portion of that plant, machinery and buildings, at present taken into account in the calculation of depreciation charges, might not be fairly excluded as being really a reserve asset for war and not required for normal production.

5. In this connection it was represented to us that the repair and overhaul of the Persian Gulf ships of the Royal Navy (other than those of H. M. I. S. Triad for which India pays) are carried out at Colombo by a private firm and that it would be of material assistance to the dockyard if the work could

be done at Bombay. We are not aware of the reasons for sending vessels to Colombo instead of Bombay but we suggest that the matter might be reopened with the Admiralty to see whether, at any rate in some cases, use might not be made of Bombay dockyard.

6. We considered the possibility of economy by obtaining power for the dockyard from outside sources, but were informed that this is under investigation and until further statistics and information have been received it is impossible to arrive at a decision.

7. We understand that stores are held on a basis which ensures that the minimum maintained is :—

- (a) Special stores obtained from England 1 year's stock.
- (b) Ordinary stores of European manufacture obtainable in
India 6 months' stock.
- (c) Stores of Indian origin procurable elsewhere than in
Bombay 6 months' stock.
- (d) Stores of Indian origin procurable in Bombay 3 months' stock.

We recommend that (a) should be reduced to 9 months', (b) and (c) to 3 months' and (d) to 1 month's stock.

CHAPTER XI.—THE ARMY DEPARTMENT.

1. Though the cost of the Army Department is not chargeable to Army Estimates we have been asked to deal with it in our report, since it is so closely connected with the main subject of our enquiry. The establishment and cost of the department as provided in 1931-32 Estimates, and as they are under proposals made by the Secretary and already put into force, are shown in the table annexed to this chapter. The reductions are of 2 officers, 2 superintendents and 8 assistants and clerks, and will result in savings estimated at over Rs. 80,000 a year. The work formerly done by the Establishment Officer is now being done by the Director of Regulations and Forms whose cost is borne on Army Estimates. We understand that the department has undertaken to reduce three more first division assistants and one second division clerk gradually by absorption, as vacancies occur.

2. As in the case of the staff of Army Headquarters and the staffs of commands, districts, etc., we have not had the time to examine in detail the appointments in the department, but we venture to submit certain observations on features in the system which appear to us to make, perhaps unavoidably, for work and consequently for expense. The Army Department is the Department of Government responsible for Army, Marine and Air Force Services. It is organised in the same way and possesses the same authority as other civil departments of Government, the portfolio being in charge of H. E. the Commander-in-Chief in his capacity as Army Member of His Excellency the Viceroy's Council. The Secretary of the Department like the Secretaries of other civil departments possesses the right of access to H. E. the Viceroy and represents the department in the Legislature while the Army Member represents the department in the Council of State.

3. The Army Department though in close touch with Army Headquarters, is entirely distinct from those Headquarters. In certain matters, e.g., medals and ecclesiastical questions, it is directly responsible for actual administration; in the majority of matters the actual administration is carried out by Army Headquarters, but ministerial responsibility rests with the Army Department. From the Army Department alone can issue decisions in the name of the Government of India, and since Army Headquarters are a separate department any matter requiring a Government of India decision or any question which is under discussion in the name of the Government of India with the Home Government, Provincial Governments or other departments is referred to the Army Department, whether or not a question of principle is involved. The question is then considered by that department, which issues a letter embodying the decision or conveying the views of the Government of India. This involves the examination of each case in more or less detail and the typing, and in some cases the drafting, of the appropriate letter in the Army Department. Three sections each under an Assistant Secretary, are allotted to dealing with cases put forward by the various sections of Army Headquarters: thus one section deals with cases from the General Staff Branch and certain cases from the Adjutant General's Branch; another section deals with other cases from the Adjutant General's Branch and part of the Quartermaster General's cases and the third section deals with the remainder of the Quartermaster General's cases and the cases from the Master General of Ordnance. The department, we understand, does not exercise financial control: that is done by the Financial Adviser on behalf of the Government of India. Not, we gather, in ordinary cases, where military and financial considerations are predominant and no question of government policy arises, does the department do more than give a formal authority to proposals agreed

to by the military authorities concerned with the concurrence of the Financial Adviser, or transmit to the Home Government or other government department the military and financial views. But the examination of cases preparatory to that formal authority and the typing of letters conveying that authority or transmitting views must necessarily involve work and staff. We appreciate that this separation of the Army Department from the Army Headquarters is inherent in the present constitution of the Government of India; we also appreciate that so long as there is that separation and so long as the Army Department is the responsible government department, in theory it must examine independently through its own staff all cases which come before it. But it seems worth examination whether either by alteration of machinery or by delegation of powers, the work of the department on its formal side could not be considerably lightened, even though such lightening might involve a departure from theoretical principles. As regards machinery we suggest, for example, that where a case is referred to the Army Department for sanction, the sanction need not be embodied in a formal letter but merely recorded on the file which would be returned to Army Headquarters to issue the necessary instructions; or, where it is a question of transmission of views to other government departments or to the Home Government on matters not involving principles or government policy, the appropriate branch of Army Headquarters might submit a letter duly prepared and typed and initialled by a responsible officer of Army Headquarters and only requiring the signature of the Secretary of the Army Department, or of his Deputy. It would be open to the Secretary (or his Deputy) to have any case examined by his own department before signature, if he thought fit, or to alter the wording, but normally that should not be necessary. This would save both examination and typing in the Army Department, and the extra work of submitting letters ready for signature which would fall on Army Headquarters would be so distributed among its many branches as not to involve any increase of staff there. As regards delegation of powers, from the specimen letters of authority which we examined there are many cases requiring Government of India's formal authority which in themselves are comparatively unimportant and for the settlement of which the real responsibility must lie with the military and financial authorities. We suggest that the position should be examined to see whether such cases could not be disposed of by delegation of suitable powers from the Government of India.

We believe that if the Army Department could be relieved of work on these lines, it should be possible to save the staff of at least one section, saving not less than, say, Rs. 50,000 a year. We do not suggest that there should be any derogation of the Army Department's powers, but only that it should be relieved of work in which the part it plays must necessarily be formal.

TABLE.

1931-32.

Future Establishment.

Officers.

Scale of pay.

Rs.
Scale of pay.
Rs.

1 Secretary	4,000
1 Deputy Secretary	2,250
1 Establishment Officer	£30 o. s. p.
1 Assistant Secretary	1,500—50—1,750
2 Assistant Secretaries	1,830
1 Officer-in-Charge, Medal Distribution	1,000—50—1,250
6 Superintendents	1,000
1 Superintendent	600—40—800
	500—40—700

14

Assistants and Clerks.

4 Assistants, Upper Time Scale	375—25—500
27 Assistants, Lower Time Scale	200—15—500
37 Clerks, 2nd Division	100—8—300
17 Clerks, Routine Division	90—4—170
1 Puncher	70
2 Stenographers	175—12½—375
1 Stenographer	175—12½—375
1 Compiler, Indian Army List	300—25—500
1 Assistant Compiler, Indian Army List	170—12—350
1 Draftsman	75—5—150
1 Sanitary Overseer and Fire Clerk	150—5—200

93

Total Cost Rs. 6,41,000

Officers.

Scale of pay.

1 Secretary	4,000
1 Deputy Secretary	2,250
	£30 o. s. p.
1 Assistant Secretary	1,830
2 Assistant Secretaries	1,000—50—1,250
4 Superintendents	600—40—800
1 Superintendent	500—40—700

10

Assistants and Clerks.

4 Assistants, Upper Time Scale	375—25—500
24 Assistants, Lower Time Scale	200—15—500
34 Clerks, 2nd Division	100—8—300
16 Clerks, Routine Division	90—4—170
2 Stenographers	175—12½—375
1 Stenographer	175—12½—375
1 Compiler, Indian Army List	300—25—500
1 Assistant Compiler, Indian Army List	170—12—350
1 Draftsman	75—5—150
1 Sanitary Overseer and Fire Clerk	150—5—200

85

Total Cost Rs. 5,77,830

CHAPTER XII.—MISCELLANEOUS.

We offer the following observations on certain points reserved for consideration in our interim report in subjects which were generally covered by that report.

(a) *Central Purchase System and Purchase through the Indian Stores Department (Interim Report, page 29, paragraph 7).*—We regret that we have not been able in the time at our disposal to arrive at definite conclusions in regard to the Central Purchase Scheme and the extent to which the Indian Stores Department should purchase on behalf of the army. These questions involve a prolonged examination of details which we have not had the opportunity of carrying out, and we should also have desired to take evidence from outside sources before reaching definite decisions. We therefore suggest that there should be a special enquiry into these matters. But we offer the following observations on them. As regards the purchase of ghi and grain under the central purchase scheme, the system differs from that ordinarily employed for the purchase of commodities for the army in that purchase is made, not by competitive tender, but through agents who are paid a commission on the quantity purchased. As a criterion of the prices paid, the Director of Contracts watches closely the market prices quoted by the newspapers and also ascertains the market rates from local government officials and chambers of commerce. But judging from the figures for a given month furnished to us by the Director of Contracts the discrepancy between these figures and the prices paid for army purchases is so great that the former would not appear to afford a very applicable criterion. In any future enquiry therefore it will need consideration whether any other data are available by which to confirm that the present system is more advantageous and desirable than that of competitive tenders. In making this comment we would emphasize that we do not in any way reflect on the way in which the present purchasing agents are carrying out their duties. As regards purchases through the Indian Stores Department considerations other than those of price enter into the question. For example military considerations may make it desirable that the purchasing agency for the army should be part of the military machine, while on the other hand the fostering of Indian products, which is a matter of both national and military importance, may possibly be most readily achieved by the Indian Stores Department. But on the question of price we suggest that any future enquiry may be facilitated if some independent authority, such as the audit authorities, examines the actual cost of purchases of similar commodities made by the Indian Stores Department and the Director of Contracts respectively over a given period and furnishes a report on the subject for use in that enquiry.

(b) *General Transport Position (Interim Report, page 36, paragraph 4).*—We understand that reports have been called for as to the possibility of reducing the total baggage carried by troops and that those reports have not yet been received, so that the military authorities have not been able to inform us of the result of their review of the general transport position. We are therefore in no better position to record a final recommendation than before. But our feeling that, in bulk, mechanical transport is being provided on too large a scale has been strengthened by a further report in the press to which our attention has been drawn and which runs as follows :—

“ For some months past the War Office has been considering the lessons of the 1st Division practice mobilization at Aldershot in August, when experiments were made in the reduction of the amount of baggage and transport taken by an infantry division. The experiment is regarded as having been an unqualified success.

As a result the Army Council is of opinion that a considerable reduction in the baggage and transport of an infantry division in war is both possible and desirable, and revised war establishments will be issued in due course."

We therefore strongly urge that every endeavour should be made, by reducing the baggage to be carried, by encouraging the building up of a mechanical transport reserve in this country, and by scrutinizing the basis of calculation to see whether it does not include a margin which might be eliminated, to effect a really substantial decrease in the figure of Rs. 197 lakhs, shown on page 34 of our interim report as being the total cost of mechanical transport in 1931. We recommend that the enquiries now being made by the military authorities should be pressed forward, and that, if as the result of those enquiries the figure of 197 lakhs cannot be reduced by 20 per cent., the military authorities should be asked to report to Government how such a reduction could be achieved and what would be its effect on the army's efficiency and its preparedness for war.

(c) *Mechanical Transport Stores (Interim Report, page 38, paragraph 6).*—We have been informed that the basis of holding stocks of mechanical transport stores and spare parts used to be 9 months' peace stocks and 9 months' mobilisation stocks *plus* 2 months' stocks with units, making in all 20 months' stock.

Recently a departmental committee has been considering the complete stock position and has suggested a formula for basing calculations of stocks which will result in considerable reductions of stocks compared with the previous method. The essential feature of the formula is that the quantity of stocks to be held is calculated in a definite relation to the time it takes to obtain stocks from England. That time is at present reckoned as 6 months and the formula provides that at no time shall the stocks fall below the average consumption in half that time, *i.e.*, three months, but the normal quantity of stocks held at any one time is considerably in excess of this minimum and varies between 3 and 12 months average issues.

The following figures show the value of stocks in hand on certain dates and the half yearly issues:—

Half year ending.	Value of stocks in hand. Lakhs Rs.	Value of half yearly issues Lakhs Rs.
30th June 1929	63.89	10.39
31st December 1929	63.01	13.16
30th June 1930	66.09	16.83
31st December 1930	67.53	21.53
30th June 1931	75.70	16.00

It will be seen that the value of stocks has steadily risen. We are informed that the application of the formula has not yet taken effect and the rise is partly due to the influx of stores ordered in connection with the mechanisation programme. It is proposed in future to reduce the purchase of spare parts with new vehicles by half and it is hoped by this means and by the application of the new formula to reduce the quantity of stocks held very substantially. We recommend that the policy of reducing stocks should be vigorously pursued.

At present all mechanical transport stores and spare are held at Chaklala and the requirements of units in Southern India, including the Heavy Repair Workshop at Bombay, are met by despatching stores from Chaklala. This must involve a considerable cost in transport of stores back from Chaklala to Southern India after they have already made the journey from a port to Chaklala. We understand that it is considered that this extra cost is less than that of establishing a separate store in Bombay or that of purchasing stores in the local market in Southern India in cases where they are obtainable. We think, however, it would be worth while examining the position again to ensure that there is no cheaper method of supply than the system at present in force.

(d) *Hired Transport (Interim Report, page 41).*—As regards the question of policy involved in the full use of army transport to avoid hiring charges, we were furnished at our visits to Lahore and Rawalpindi with figures showing that in one case from an expenditure on hired transport of Rs. 40,000 a reduction to Rs. 20,000 had been made by the use of Government Mechanical Transport, after allowing for the cost of petrol, oil and lubricants, and that in another case the use of Government Mechanical Transport combined with a greater efficiency of control had reduced the cost of hired transport from Rs. 1-60 lakhs in 1927-28 to Rs. 94,000 in 1930-31. We think on the whole that the balance of advantage lies in making use of the mechanical transport, which it is necessary to retain, to reduce hiring charges, provided always that Government animal transport cannot perform the duty.

(e) *Field Medical Units (Interim Report, page 61, paragraph 19).*—An examination has been made of the necessity for retaining mobilisation equipment for certain field medical units and also of the quantity of stores maintained by the medical store depots as "mobilisation reserves". We have been informed that the number of field medical units allotted to the reserve has been reduced by $12\frac{1}{2}$ and the equipment maintained has been returned to the various supply depots.

(f) *Priced Store Accounts [Interim Report, page 71, paragraph 5 (viii)].*—We are informed that the approval of the Government of India, with the concurrence of the Auditor General and the Secretary of State, has been given to the abolition of the priced store accounts maintained by the Military Accounts Department in arsenals and ordnance, clothing and supply depots. This has enabled a considerable reduction in the personnel of the Military Accounts Department to be made and will result ultimately in a saving of approximately Rs. 4,00,000 a year.

(g) *Unit Accountants (Interim Report, page 72, paragraph 5).*—As regards the necessity for two accountants in British units, some of our members have examined the accounts both at unit headquarters and in a Command Controller's office. They were satisfied that the work in a British unit was considerably greater than that in an Indian unit. But as a result of their examination we suggest that it is for consideration whether both in the Indian and the British units some simplification of work is not possible; for example enquiry might be made into the possibility of devising a pay list with a carbon and flimsy to avoid making two copies of the list in manuscript, the possibility of utilising machines for reproducing the names and rates of pay of the men, the possibility (as we have suggested elsewhere), of reducing audit queries. These suggestions do not pretend to stereotype or exhaust the lines on which

feeling of those of our members who saw the actual working of the system was that there was a great deal of detailed work involving much labour; possibly all the work and labour are unavoidable, but it is certainly worth examination whether there are no means of reducing them. In this connection we suggest that when next a suitable officer of the Military Accounts Department is in England he should consult the army pay and accounting authorities there whether any of the changes recently introduced in order to save staff and work could be profitably applied in India, without change in the basic Indian system. It has been suggested to us that, so long as the unit accountant system remains, reduction in work, at any rate in Indian units, would not mean a saving in staff because there is already in Indian units only one unit accountant; but it seems to us that it would not be incompatible with the system for a unit accountant to look after two or more units at the same station. In any case, if a reduction of work were possible, it might be feasible to reduce one of the accountants in the British units.

(h) *Royal Air Force Depot and Park (Interim Report, page 94, paragraph 12).*—As regards the separate existence of the Aircraft Park at Lahore and the Aircraft Depot at Karachi, some of us had the opportunity of seeing the Park at Lahore, but it was not possible to visit Karachi. We were informed that the Aircraft Park at Lahore is necessary as a distributing unit for all squadrons in the North-West Frontier Province as the Depot at Karachi is too far distant to permit of individual distribution direct to those units without involving, very considerable extra expense. On the other hand it has been represented that it would be impossible to absorb the Aircraft Depot into the Aircraft Park at Lahore not only on account of the large building programme which would be involved but also because it is essential to have a depot at the port of disembarkation and it is convenient also for distributing stores to units in Baluchistan. Moreover the Aircraft Depot, apart from its functions as a stores depot, also provides for the repair and overhaul of aeroplane engines, in so far as such repair and overhaul cannot be undertaken by units. For this work British personnel are necessarily employed to a large extent and as the climate at Karachi is suitable for this personnel all the year round the work can be carried out more efficiently and economically than at Lahore. We accept the necessity for these two establishments. But at our inspection at Lahore our attention was again drawn to the separate section maintained by the Royal Air Force for the repair and overhaul of Royal Air Force motor vehicles. We referred to this point briefly in our interim report. Hitherto this section has formed part of the depot at Karachi, but arrangements are being made to transfer it to Lahore. This move will, it is anticipated, result in a saving of some Rs. 75,000 a year compared with the present arrangement, owing to the reduced cost of rail charges for vehicles sent down from the squadrons on the frontier and to economies in staff which can be made at Lahore. We agree that, compared with the previous arrangements, this is satisfactory. But we are not satisfied that the work could not be done still more economically at Chaklala by the Army Repair Shop there. To utilize Chaklala would save still further rail charges on vehicles from the frontier and should effect additional economies in staff since it should be possible in our view for Chaklala to undertake the work without additional supervisory staff. At our request a conference between the experts of the Army and the Royal Air Force has considered the possibility of concentrating the work at Chaklala. We are given to understand that there are various technical objections to the proposal and it is suggested that it is doubtful whether any economy would result. But we think that a much stronger case than has as yet been presented to us should be made against the proposal before it is abandoned.

At Lahore we were shown bodies of motor vehicles being built in the shops there, and were told that this manufacture was considerably more advantageous than the importation of bodies from England. We understand that for motor vehicles bodies are built by the railway companies and recommend that enquiry should be made whether this source of supply would be cheaper than manufacture in Royal Air Force shops.

(Signed) MOHD. AKBAR HOTI.

„ SHIVDEV SINGH UBEROI.

„ MOHAMMAD YAKUB.

„ A. RAMASWAMI MUDALIAR

„ E. C. BENTHALL.

„ F. C. BOVENSCHEN.

A. SLATER,

Secretary.

NEW DELHI; }

14th March 1932. }

